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THE  
**LEGISLATIVE ASSEMBLY DEBATES**  
(OFFICIAL REPORT OF THE ELEVENTH SESSION OF THE FIFTH  
LEGISLATIVE ASSEMBLY)

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VOLUME I—1940

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LEGISLATIVE ASSEMBLY

*Tuesday, 6th February, 1940.*

The Assembly met in the Assembly Chamber of the Council House in New Delhi, at Eleven of the Clock, being the First Day of the Eleventh Session of the Fifth Legislative Assembly, pursuant to Section 63-D (2) of the Government of India Act, as set out in the Ninth Schedule to the Government of India Act, 1935. Mr. President (The Honourable Sir Abdur Rahim, K C S.I.) was in the Chair.

MEMBERS SWORN:

- The Honourable Sir Reginald Maitland Maxwell, K.C.S.I., C.I.E.,  
(Home Member);
- Mr. Percival Joseph Griffiths, M.L.A. (Assam: European);
- Mr. Everard Leslie Campion Gwilt, M.L.A. (Bombay: European);
- Lala Sham Lal, M L A (Ambala Division: Non-Muhammadan);
- Raja Sir S. R. M. Annamalai Chettiar, M.L.A. (Nominated Non-Official);
- Mr. Muhammad Muazzam Sahib Bahadur, M.L.A (Nominated Non-Official);
- Mr. Naoraji Manekji Dumasia, M.L.A. (Nominated Non-Official);
- Seth Sunderlal Daga, M L A (Nominated Non-Official);
- Kunwar Hajeer Ismail Ali Khan, O B.E., M.L.A. (Nominated Non-Official);
- Honorary Captain Sardar Bahadur Dalpat Singh, O.B.I., I.O.M.,  
M L.A. (Nominated Non-Official);
- Sir Girja Shankar Bapnai, K.B.E., C.I.E., M.L.A. (Secretary,  
Department of Education, Health and Lands);
- Mr. Bertrie Munro Staig, C.S.I., M.L.A. (Financial Commissioner,  
Railways);
- Mr. Henry James Frampton, M.L.A. (Government of India: Nominated  
Official);

- Mr. Stanley Paul Chambers, M.L.A. (Government of India: Nominated Official);
- Mr. Thillainayakam Sivarama Setu Pillay, M.L.A. (Government of India: Nominated Official).
- Rai Grish Chandra Sen Bahadur, M.L.A. (Bengal. Nominated Official); and
- Khan Sahib, Shaikh Abdul Hamid, M.L.A. (Punjab: Nominated Official).

## STARRED QUESTIONS AND ANSWERS.

### (a) ORAL ANSWERS.

#### PRODUCTION OF MEDICAL CERTIFICATES BY SUBORDINATE RAILWAY OFFICIALS.

1. **\*Mr. Lalchand Navalrai:** (a) Will the Honourable Member for Railways be pleased to state if a railway medical officer is supposed to attend upon a sick railway servant at his residence while he is on leave? If so, on what terms? If not, why not?

(b) Is it a fact that Railways insist upon production of medical certificates by subordinate railway officials from railway medical officers and not from those under whose treatment they actually are? If so, do Government propose to permit subordinates to submit certificates from the doctors actually in attendance? If not, why not?

(c) Is it also a fact that when a medical officer refuses to attend upon a railway servant, the period of his sickness not covered by that medical officer's certificate is treated as leave without pay, instead of privilege leave?

(d) Do Government propose to modify the rules of the aforesaid nature for the benefit of subordinate railway servants?

**The Honourable Sir Andrew Clow:** (a) A railway medical officer is required to attend a railway servant on leave at his residence if the illness is such as to confine him to the house and if the house is not remote from the railway lines. The latter part does not arise.

(b) Ordinarily this is the case. No change is contemplated in the rules which were framed with due regard to the interests of the administration and the needs of employees.

(c) A medical officer cannot refuse to attend a railway servant who is sick unless the railway servant is living in a place remote from the lines. The treatment of the period of sickness in such cases rests at the discretion of the competent authority.

(d) No.

**Mr. Lalchand Navalrai:** May I know from the Honourable Member what happens if a railway employee is only a few feet away from the railway line?

**The Honourable Sir Andrew Clow:** I should not myself regard that as being remote from the railway line.

**Mr. Muhammad Nauman:** Is it necessary that a railway employee has to be treated by a medical officer of the railway even if the employee has no faith in the particular line of medicine?

**The Honourable Sir Andrew Clow:** I would refer the Honourable Member to the general rules on the subject. So far as I recollect, the railway employee is at perfect liberty to bring in another doctor if he chooses to pay for him, but that does not make it necessary that that doctor's certificate should be accepted—that is another matter.

**Mr. N. M. Joshi:** With regard to the answer to part (c) of the question, the Honourable Member referred to competent authority. May I know who is the competent authority in this matter?

**The Honourable Sir Andrew Clow:** I had better refer the Honourable Member to the general rules governing the issue of medical certificates to railway servants, a copy of which is in the Library of the House

**Mr. Lalchand Navalrai:** Why are the certificates of Civil Surgeons or Assistant Surgeons or Sub-Assistant Surgeons of the Government Department not accepted? May I know?

**The Honourable Sir Andrew Clow:** I think there is another question regarding that matter.

**Mr. Lalchand Navalrai:** No, I have not put any other question today, this is the only question that I have

**The Honourable Sir Andrew Clow:** That is a separate subject on which I think there is another question on paper in some other Honourable Member's name either for today or in a few days' time.

**Mr. Lalchand Navalrai:** May I know if the certificate of the Divisional Medical Officer is required even though a sub-assistant surgeon gives a certificate?

**Mr. President** (The Honourable Sir Abdur Rahim): That is a hypothetical question. Next question.

#### TRAVELLING INSPECTORS OF STORES ACCOUNTS ON RAILWAYS.

2. **\*Mr. H. M. Abdullah:** (a) Will the Honourable Member for Railways please state the total number of Travelling Inspectors of Stores Accounts, Muslims and non-Muslims separately?

(b) What are the minimum qualifications laid down for recruitment to this cadre and when and why were these minima enhanced?

(c) What is the number of Muslims who have been appointed to this cadre since the enhancement of the minimum qualifications originally specified and what has been the effect of the enhancement of these qualifications on the Muslim recruitment?

(d) Do Government propose to consider the desirability of making direct recruitment to these posts in future to secure an improvement in the representation of Muslims in this cadre?

**The Honourable Sir Andrew Clow:** (a) The total number of Travelling Inspectors of Stores Accounts (the correct designation is Inspector of Stores Accounts) in the Accounts Offices of the State-managed Railways is 20, of whom two are Muslims.

(b) Recruitment to the cadre of Inspectors of Stores Accounts is by promotion from the lower grades. The minimum qualification for such promotion is the passing of the examination prescribed in Appendix D of Railway Board's Memorandum No. 5565-F., dated the 31st July, 1929, a copy of which is available in the Library of the House. This minimum qualification is not applicable to *ex-Company* men who are not required to pass any departmental examination nor to those covered by clause 14 of the Memorandum.

(c) I understand that the qualification prescribed has not been enhanced; so that this part does not arise.

(d) No

**Mr. Lalchand Navalrai:** May I know if an officer was appointed to find out whether the Muslim representation of 25 per cent has been given effect to or not, and whether that officer has made his report, so that questions of this nature which create only bad blood may be avoided?

**The Honourable Sir Andrew Clow:** There is an officer conducting an enquiry into the working of the Resolution of 1934. His enquiry has not been completed.

#### ACCOUNTANTS ON THE NORTH WESTERN RAILWAY.

**3. \*Mr. H. M. Abdullah:** (a) Will the Honourable Member for Railways please state the total number separately of Muslim and non-Muslim Accountants on the North Western Railway?

(b) How many of these were directly recruited and how many of them, Muslims and non-Muslims, were appointed through promotion as laid down in the Appendices to the Railway Audit and Account Code, 1923?

(c) Is it a fact that some of these Accountants have not passed Appendix D or Part II examination? What is the number of these unqualified Accountants, Muslims and non-Muslims separately?

(d) What steps do Government propose to take to increase the number of Muslim Accountants through direct recruitment and through promotion?

**The Honourable Sir Andrew Clow:** (a) Muslims four and non-Muslims 32.

(b) One Muslim and five non-Muslims were directly recruited while three Muslims and 27 non-Muslims were appointed through promotion.

(c) Yes. Two Muslims and three non-Muslims. They were exempted by competent authority from passing that examination.

(d) In view of the large number of qualified clerks awaiting promotion Government do not propose to increase the extent of direct recruitment, nor do they consider that any necessity has arisen for altering the present rules for promotion.

**Mr. Lalchand Navalrai:** In view of the fact that Muhammadans have also been very much educated now, may I know whether the same qualifications as those of Hindus or other non-Muslims are required or not?

**The Honourable Sir Andrew Clow:** We do not prescribe different qualifications for different communities.

**Mr. Lalchand Navalrai:** Formerly there were no B.A.'s or M.A.'s, from Muhammadans, but now there are B A 's and even more than that (Laughter)—England—returned men too. The qualification should be equal for recruitment. If there is a Hindu matriculate, the Muhammadan also should be a matriculate. If he is a B A , the other man also should be a B A.

**The Honourable Sir Andrew Clow:** As I have already said, as far as I am aware, we do not prescribe any differential qualifications

**Mr. Lalchand Navalrai:** Thank you

#### CANDIDATES TAKING APPENDICES C AND D EXAMINATIONS ON THE NORTH WESTERN RAILWAY.

**4. \*Mr. H. M. Abdullah:** (a) Will the Honourable Member for Rail ways please state the total number of Muslim and non-Muslim candidates taking the Appendices C and D examinations on the North Western Railway since the introduction of these examinations?

(b) What is the number of candidates, Muslims and non-Muslims separately, who passed these examinations since their introduction?

(c) What has been the number of Muslim and non-Muslim examiners yearly?

(d) Is it proposed to instruct the authorities concerned to increase the number of Muslim examiners for both these examinations?

**The Honourable Sir Andrew Clow:** (a) 152 Muslims and 463 non-Muslims took the Appendix C examination; 60 Muslims and 428 non-Muslims took the Appendix D examination.

(b) 43 Muslims and 201 non-Muslims passed the Appendix C examination; six Muslims and 88 non-Muslims passed the Appendix D examination.

(c) I lay a statement on the table giving the information required.

(d) Government do not consider the issue of any instructions necessary.

*Statement.*

Year.	No. of Muslim Examiners.		No. of non-Muslim Examiners.	
	Appendix C.	Appendix D.	Appendix C.	Appendix D.
1929 . . .	No examination .	2	No examination .	7
1930 . . .	Do. .	2	Do. .	8
1931 . . .	Not available .	2	Not available .	8
1932 . . .	No examination .	1	No examination .	10
1933 . . .	Not available .	1	Not available .	8
1934 . . .	1	1	7	8
1935 . . .	2	1	5	7
1936 . . .	2	1	6	8
1937 . . .	3	1	5	7
1938 . . .	3	2	5	5
1939 . . .	2	2	6	6

**Mr. Muhammad Nauman:** May I know if among those people who were responsible for examining those candidates a majority of them were non-Muslims?

**The Honourable Sir Andrew Clow:** That is so.

**Mr. Lalchand Navalrai:** Is that a crime?

**The Honourable Sir Andrew Clow:** No.

CONSTRUCTION OF WAITING ROOMS AT BARAMCHAL ON THE ASSAM BENGAL RAILWAY.

**5. \*Maulvi Abdur Rasheed Chaudhury:** (a) Will the Honourable the Railway Member please state the number of the representations the railway authorities received for constructing waiting rooms in the Baramchal Station, Assam Bengal Railway?

(b) When did they receive the last representation?

(c) Have they decided to construct the waiting rooms?

**The Honourable Sir Andrew Clow:** The Honourable Member is referred to the reply given to his question No. 126 on the 11th September, 1939.

**Maulvi Abdur Rasheed Chaudhury:** May I know whether the Department has decided to construct waiting rooms in the Baramchal railway station?

**The Honourable Sir Andrew Clow:** The Honourable Member put this identical question last session, and my answer was: "The Company has decided to construct a combined intermediate and third class waiting room for ladies in 1941-42, if funds permit."

**FEMALE WAITING SHED AT BARAMCHAL ON THE ASSAM BENGAL RAILWAY.**

**6. \*Maulvi Abdur Rasheed Chaudhury:** (a) Will the Honourable the Railway Member please state the length, breadth and height of the existing female waiting shed at Baramchal, Assam Bengal Railway?

(b) Is it walled with corrugated sheets on three sides without any window?

(c) Is one side without wall and door?

(d) Is there any arrangement to prevent cattle entering and sleeping in this shed?

(e) Is the corrugated roof of the shed only six feet high from the plinth and is there no ceiling beneath the roof?

**The Honourable Sir Andrew Clow:** The Honourable Member is referred to the information laid on the table of the House in reply to his starred question No. 127, dated the 11th September, 1939.

**VERANDAHS OF THE STATION HOUSE AT BARAMCHAL ON THE ASSAM BENGAL RAILWAY.**

**7. \*Maulvi Abdur Rasheed Chaudhury:** (a) Will the Honourable the Railway Member please state the height of the eastern, western and the northern verandahs of the station house at Baramchal?

(b) Is there no ceiling beneath the corrugated roofing of these verandahs?

(c) What is the average temperature of these verandahs in June to September when the midday trains pass through Baramchal, Assam Bengal Railway?

**The Honourable Sir Andrew Clow:** The Honourable Member is referred to the information laid on the table of the House in reply to his starred question No. 128, dated 11th September, 1939.

**Maulvi Abdur Rasheed Chaudhury:** May I know whether the Department has decided to put a ceiling under the roofing of the railway station in the near future?

**The Honourable Sir Andrew Clow:** Not so far as I am aware.

**Maulvi Abdur Rasheed Chaudhury:** May I know the reason?

**The Honourable Sir Andrew Clow:** I do not know the reason; but presumably the Company did not think it necessary.

**ACCIDENTS AT RAILWAY CROSSINGS ON THE NORTH WESTERN RAILWAY.**

**8. \*Mr. Lalchand Navarai:** (a) Is the Honourable the Railway Member aware that accidents at the railway crossings on the North Western Railway are being often reported in which lorries collide with trains at the railway crossings?

(b) Is it a fact that very recently, on or about 5th January, 1940, a lorry carrying passengers ran into a closed and locked level crossing between Jaranwala and Burala Road, and collided with 73-Up passenger train at about 1 P.M. and a gatekeeper was injured?

(c) What arrangements have the Railway authorities made to avert such collisions and what compensation has been paid to the gatekeeper for the aforesaid collision?

**The Honourable Sir Andrew Clow:** (a) Between the 1st January, 1939, and the 1st February of this year the Railway Board received only one report of a collision between a train and a lorry; but there are two reports of collisions with other types of motor vehicle.

(b) Yes. This accident actually occurred on the 3rd of January, 1940

(c) It is not within the power of the railway authorities to prevent lorries from crashing into closed and locked gates at level crossings. I have no particulars of the compensation paid to the gatekeeper.

**Mr. Lalchand Navalrai:** With reference to clause (b), may I know whether the gates were locked and yet the accident took place and the gate was broken and smashed?

**The Honourable Sir Andrew Clow:** The Honourable Member is quite correct

**EXERCISE OF CERTAIN POWERS VESTED IN THE GENERAL MANAGER, NORTH WESTERN RAILWAY, BY THE ASSISTANT TRANSPORTATION OFFICER, DELHI.**

9. **\*Mr. Muhammad Azhar Ali:** Will the Honourable Member for Railways state the notification under which Assistant Transportation Officer, North Western Railway, Delhi, is empowered to exercise the powers of the General Manager, North Western Railway, which are vested under the Indian Railways Act, 1890 in the Manager of the Railway?

**The Honourable Sir Andrew Clow:** There is no such notification.

**EXERCISE OF CERTAIN POWERS VESTED IN THE GENERAL MANAGER, NORTH WESTERN RAILWAY, BY THE ASSISTANT TRANSPORTATION OFFICER, DELHI.**

10. **\*Mr. Muhammad Azhar Ali:** Will the Honourable Member for Railways please state the section of the Indian Railways Act, 1890, or the rule made thereunder which permits the Assistant Transportation Officer, North Western Railway, Delhi, to act for the General Manager, North Western Railway, with regard to the powers vested in the Railway Administration under sections 112, 113, 140, 141 and 145 of that Act, 1890?

**The Honourable Sir Andrew Clow:** Sections 112, 140 and 141 vest no powers in the Railway Administration. Section 113 refers to the appointment of certain railway servants of the Railway Administration and section



145 empowers the Manager to authorise persons to represent him in proceedings. The Manager is not entitled to delegate either the power of appointment or the power of authorisation to another officer.

#### INVESTIGATION, ETC., OF OFFENCES UNDER SECTION 112 OF THE INDIAN RAILWAYS ACT.

11. **\*Mr. Muhammad Azhar Ali:** Will the Honourable Member for Railways please refer to Rule 18 of Part II of the General Rules for Railways and state—

- (a) the designation or competent authority who can investigate, institute and conduct in courts the offences under section 112 of the Indian Railways Act, 1890;
- (b) the authority competent to apply to the magistrate for cognisance under section 112 of that Act, 1890;
- (c) the procedure, investigation and trial, of offences under section 112 of that Act, and
- (d) who *could be the complainant* against an offence under section 112 of that Act?

**The Honourable Sir Andrew Clow:** (a), (b) and (d) Any railway servant to whose duty such offence is relevant is competent to investigate it. Any one who chooses to make a complaint as defined in clause (h) of sub-section (1) of section 4 of the Code of Criminal Procedure may do so. As regards the conduct of cases, the Honourable Member is referred to sub-section (1) of section 495 of the Code of Criminal Procedure and sub-section (2) of section 145 of the Indian Railways Act.

(c) Procedure at the trial is governed by Chapter XX or Chapter XXII of the Code of Criminal Procedure, as the case may be.

**Mr. Muhammad Azhar Ali:** As regards section 112 of the Act, may I know whether an ordinary servant of a railway, besides the station master, is entitled to lodge a complaint?

**The Honourable Sir Andrew Clow:** What I said was that any one, who chooses to make a complaint, as defined in the particular section of the Criminal Procedure Code, may do so.

#### UNSTARRED QUESTIONS AND ANSWERS

##### INSPECTORS OF STATION ACCOUNTS ON THE EAST INDIAN RAILWAY.

1. **Mr. Lalchand Navalrai:** (a) Will the Honourable Member for Railways be pleased to state whether Inspectors of Station Accounts are included in the divisional system of operation on the East Indian Railway?

(b) Is it a fact that:

- (i) Power, Transportation, Commercial, Engineering, Signals, Medical and Rolling Stock Inspectors, and
  - (ii) Divisional Accounts Officers with their staff,
- are included in the divisional system on that Railway?

(c) If the answer to part (a) be in the negative, is the Honourable Member prepared to consider the desirability of completing the divisional system by including the Inspectors of Station Accounts?

**The Honourable Sir Andrew Clow:** (a) No.

(b) Yes.

(c) No. The work performed by Inspectors of Station Accounts is a part of the internal check of traffic earnings. The divisional system applies only to expenditure accounts and not to accounts of earnings.

#### WITHDRAWAL OF PRESIDENCY ALLOWANCE FROM CERTAIN OFFICERS ON THE EAST INDIAN RAILWAY AT CALCUTTA.

**2. Mr. Lalchand Navalrai:** (a) Will the Honourable Member for Railways be pleased to state whether the compensatory Presidency allowance granted to those gazetted officers who have been promoted or appointed by the Governor General and posted on the East Indian Railway at Calcutta, has been withdrawn?

(b) Is it a fact that those gazetted officers who have been appointed by the Secretary of State and are posted on the East Indian Railway at Calcutta, continue to enjoy the benefit of that allowance?

(c) Do Government propose to remove this distinction? If not, why not?

**The Honourable Sir Andrew Clow:** (a) and (b). Yes

(c) The matter is receiving attention.

#### ACCOUNTS AND COMMERCIAL DEPARTMENTS OF THE EAST INDIAN RAILWAY.

**3. Mr. Lalchand Navalrai:** (a) Will the Honourable Member for Railways be pleased to state whether the Accounts and the Commercial Departments of the East Indian Railway are treated as one unit for the purpose of promotion, transfer or appointment of staff to the gazetted service of (i) the Commercial Department, and (ii) the Accounts Department?

(b) If the answer to part (a) be in the negative, have any such transfers, promotions or appointments taken place during 1939? If so, how many, and what are the substantive appointments of the persons concerned?

(c) Is it a fact that two men from the Accounts Branch are at present working in the gazetted service in the Commercial Branch against two permanent vacancies?

(d) If the answer to part (c) be in the affirmative, how many subordinates were officiating in the gazetted service in the Commercial Branch and how many subordinates were eligible for promotion to the gazetted service at the time the two men were taken from the Accounts Branch?

(e) Have these two Accounts Officers any practical experience in commercial working on the railway?

**The Honourable Sir Andrew Clow:** (a) No.

(b) and (c). Yes. Two members of the Accounts Department holding substantively the posts of Assistant Accounts Officer and Senior Accountant, respectively, were transferred to the Commercial Department against temporary vacancies.

(d) On the occasion of the first transfer seven subordinates were officiating in the gazetted service of the Commercial Department and on that of the second transfer eight.

(e) No.

**DISQUALIFIED TRANSPORTATION INSPECTOR OFFICIATING IN THE HOWRAH DIVISION OF THE EAST INDIAN RAILWAY.**

**4. Mr. Lalchand Navalrai:** (a) Will the Honourable Member for Railways be pleased to state whether Selection Boards are convened at the head office of the East Indian Railway for the purpose of selecting employees for promotion to the senior non-gazetted posts in the Operating and Commercial Departments?

(b) What period must elapse before an employee, who has been disqualified by a Selection Board for promotion to a particular post, can appear before another Selection Board for that post?

(c) Is it a fact that recently an officiating Transportation Inspector of the Howrah Division, who was disqualified by a Selection Board at Calcutta, was immediately reverted to his substantive post, while another officiating Transportation Inspector who was also disqualified, was allowed to continue working in that post?

(d) Do Government propose to take action against the official responsible for endangering the safety of the travelling public by permitting a disqualified Inspector to continue to work in that capacity? If not, why not?

**The Honourable Sir Andrew Clow:** (a) and (c) Yes.

(b) No period is specified. All employees who are eligible and are recommended as suitable are examined by selection boards as occasion arises.

(d) No. The officiating Transportation Inspector, who did not revert, was re-examined and passed by a subsequent selection board.

**INSPECTIONS BY THE INSPECTORS OF STATION ACCOUNTS ON THE EAST INDIAN RAILWAY.**

**5. Mr. Lalchand Navalrai:** (a) Will the Honourable Member for Railways be pleased to state whether any check is exercised by a gazetted officer on the inspections of stations on the East Indian Railway by the Inspectors of Station Accounts?

(b) Is the gazetted officer concerned required to make a complete inspection himself?

(c) How many stations is he required to inspect each year?

(d) How many stations have been inspected by that officer during 1938 and 1939?

(e) How many frauds were detected during that period and by whom?

**The Honourable Sir Andrew Olow:** (a) and (b). The answer is in the affirmative.

(c) No hard and fast rule exists in this respect but he is required to check the accounts of the more important stations during the year.

(d) 85 in 1937-38 and 46 in 1938-39

(e) No frauds were detected.

**GENERAL AND TRAFFIC ACCOUNTS BRANCHES OF THE TRAFFIC  
DEPARTMENT OF THE EAST INDIAN RAILWAY.**

**6. Mr. Lalchand Navalrai:** (a) Will the Honourable Member for Railways be pleased to state whether the General and the Traffic Accounts branches of the Accounts Department of the East Indian Railway are treated as one unit for the promotion of non-gazetted staff to the gazetted service and for the transfers of non-gazetted and gazetted staff?

(b) Are non-gazetted staff, who are employed as accountants in the other branches, eligible for promotion to the gazetted service in the Traffic Accounts Branch and *vice versa*?

(c) Will the Honourable Member be pleased to state whether the substantive pay of a non-gazetted employee in the Operating and Commercial Departments of the East Indian Railway is the determining factor for the fixation of seniority for the purpose of promotion to higher posts? If not, how is seniority determined?

**The Honourable Sir Andrew Olow:** (a) For the purpose of transfers (i) within gazetted rank or the rank of accountant and (ii) on promotion to these ranks, the two branches are treated as one unit. Transfers are not ordinarily made between the two branches in connection with clerical posts of lower rank than accountant whether on promotion or otherwise.

(b) Yes.

(c) Seniority is normally determined by the date of entry into a grade or class.

**PASSING OF THE GOODS ACCOUNTS EXAMINATION BY STAFF IN THE COM-  
MERCIAL BRANCH OF THE EAST INDIAN RAILWAY IN THE HOWRAH  
DIVISION.**

**7. Mr. Lalchand Navalrai:** (a) Will the Honourable Member for Railways be pleased to state whether it has been made compulsory for non-gazetted staff in the Commercial Branch of the East Indian Railway in the Howrah Division who are seeking advancement, that they must first qualify by passing the Goods Accounts Examination, Lower?

(b) When were such orders issued?

(c) Are those orders being rigidly observed? If not, what remedy is open to the aggrieved staff who have been superseded by unpassed employees?

**The Honourable Sir Andrew Olow:** (a) Yes, in the case of all goods shed staff in grades higher than the lowest and all goods clerks irrespective of grade.

(b) The orders as regards goods clerks were issued on the 23rd May, 1928, and as regards goods shed staff on the 10th June, 1939.

(c) I understand that in some cases the time-limit for passing the examination has been extended, but I have not been informed of any case where confirmation has been made contrary to the orders. It is open to any person who considers that he has been unfairly superseded to represent his case to the proper authority. I would add that the question of modifying the orders is being examined.

#### POSTING OF PERSONNEL OR STAFF OFFICERS ON THE EAST INDIAN RAILWAY.

**8. Mr. Lalchand Navalrai:** (a) Will the Honourable Member for Railways please state whether it is a fact that Transportation and Engineering Officers in the Gazetted service have from time to time been posted as Personnel or Staff Officers on Divisions as well as the head office of the East Indian Railway?

(b) Is there any qualifying examination before an officer becomes eligible for posting in the Personnel or Staff Branch? If so, who holds that examination?

(c) If the answer to part (b) be in the negative, why there are unqualified officers in charge of establishment matters?

(d) Is it a fact that recently a fraud was detected in the Howrah Division in connection with the establishment? If so, what is the nature of the fraud and what action has been taken to prevent a recurrence?

(e) What is the policy of Government in the matter of posting of gazetted staff in charge of the Personnel or Staff branch?

**The Honourable Sir Andrew Clow:** (a) Yes.

(b) No.

(c) The fact that there is no qualifying examination does not mean that establishment officers possess no qualifications for this work.

(d) It would appear that unauthorised letters of appointment were issued to a number of persons; the case is at present *sub judice*.

(e) Officers are selected for establishment work who are considered suitable and whose services can be spared from the Departments from which they are taken.

#### HOLDING UP OF UNLOADING AND DELIVERY OF GOODS AT THE HOWRAH GOODS SHEDS.

**9. Mr. Lalchand Navalrai:** (a) Will the Honourable Member for Railways be pleased to state whether there is any rule on the East Indian Railway which permits the Accounts Department to hold up the unloading and delivery of goods to the public at the Howrah Goods Sheds?

(b) Is it a fact that both the unloading and the delivery were held up on a week day while an outstanding was being taken by the staff of the Accounts Department?

(c) How many Inspectors were utilised for this purpose, and for how many hours was normal working held up?

(d) Does the Honourable Member propose to consider the desirability of stopping the taking of outstanding of packages during working hours which inconveniences the public?

**The Honourable Sir Andrew Clow:** (a) No.

(b) and (c). I understand the Honourable Member's question alludes to a check of outstandings carried out on a particular day in July last. If so, the number of inspectors employed was 34. I am informed that the check created no delay in unloading or delivery of goods to the public.

(d) In view of the answers to parts (a), (b) and (c), this does not arise.

#### TRAIN DISASTER NEAR HAZARIBAGH ON THE EAST INDIAN RAILWAY.

**10. Mr. Muhammad Azhar Ali:** Will the Honourable Member for Railways please refer to interpellations Nos 31, 33B and D, of 3rd February, 1939, regarding train disaster near Hazaribagh on the East Indian Railway and state—

- (a) the nature of bolts per rail length,
- (b) the distance between bolts;
- (c) the time required for extraction of a bolt;
- (d) the time required for extraction of bolts per rail length; and
- (e) the labour employed by the Engineering Department of the Railway for that work during renewals of track?

**The Honourable Sir Andrew Clow:** (a) and (b). Presumably the Honourable Member refers to both the fish-plate connections at the rail joints and to the fastenings holding the rail to the sleepers. In the case of the former, there are four one-inch diameter bolts, spaced  $4\frac{1}{2}$  inches apart in each fish-plated joint, and in the case of the latter, there are 14 sleepers per rail length, spaced 2 feet 6 inches apart. Each sleeper is fastened to the rail by means of a substantial jaw held in position by a steel cotter.

(c) to (e). The time taken depends on the tools used and the degree of skill shown, and in the case of a whole rail, on the number of men employed. The average gang consists of about 16 men and would require about a quarter of an hour to remove the connections from a complete rail.

#### SELECTION POSTS OR SELECTION GRADES ON STATE RAILWAYS.

**11. Mr. Muhammad Azhar Ali:** Will the Honourable Member for Railways please lay on the table of this House a statement of selection posts or selection grades in each cadre, group or class of each branch or department along with its scales of pay, specified by the General Managers, Eastern Bengal, East Indian, Great Indian Peninsula and North Western Railways, in terms of Note under Rule 2 (vi) of the Rules for the recruitment and training of non-gazetted staff (except apprentice mechanics, trade apprentices, labourers and inferior staff) on State-managed Railways?

**The Honourable Sir Andrew Clow:** I have called for information and will lay a reply on the table of the House in due course.

#### SENIORITY OF TRAIN EXAMINERS ON THE EAST INDIAN RAILWAY.

**12. Mr. Muhammad Azhar Ali:** Will the Honourable Member for Railways please refer to the General Manager, East Indian Railway, Circulars No. 464, dated the 26th January, 1927; and No. O. P. E. 1302-A, dated the 3rd March, 1937, and state:

- (a) if it is a fact that the Railway Board agreed to give effect from 1st January, 1927 to place in a common seniority list the staff of (old) East Indian Railway and of (old) Oudh and Rohilkhand Railway belonging to same class and grade and that individual rates of pay will not be taken into account but the position will be determined with reference to the length of service in the same class or grade;
- (b) if it is a fact that under that agreement the following grades of Train Examiners were declared equivalent—

Old East Indian Railway.	Old Oudh and Rohilkhand Railway.
(i) Grade I—300—25—400.	(i) Grade A—200—10—260—15—300
(ii) Grade II—200—20—280.	(ii) Nil.
(iii) Grade III—120—15—180.	(iii) Grade B—100—10—190.
(iv) Grade IV—50—5—95.	(iv) Grade C—55—5—95.

and the seniority was determined accordingly;

- (c) the regulation under which after ten years seniority determined under that agreement can be modified to the detriment of an employee,
- (d) the notification under which the Railway Board has delegated the powers to senior scale officer to overrule that agreement; and
- (e) whether Government propose to cancel the modification made against that agreement, if not, why not?

**The Honourable Sir Andrew Clow:** I have called for information and will lay a reply on the table of the House in due course.

#### STATEMENTS LAID ON THE TABLE.

*Information promised in reply to starred question No. 831 asked by Mr J. D Boyle (on behalf of Lt -Col Sir Henry Gidney) on the 18th March, 1938*

#### REFUSAL OF LEAVE TO SUBORDINATES ON THE GREAT INDIAN PENINSULA AND EAST INDIAN RAILWAYS

(a) It has not proved practicable to collect the information as no regular records are maintained of the numbers of subordinates refused or granted leave

(b) Enquiries made on all the State Railways indicate that the leave privileges of subordinate staff are not generally nullified except when demands for leave are made during holidays or marriage periods and on other occasions when traffic movements are heavy.

*Information promised in reply to unstarred question No 39 asked by Mr. Brojendra Narayan Chaudhury on the 6th September, 1938.*

#### BUILDINGS IN CALCUTTA VACATED BY THE GOVERNMENT OF INDIA ON TRANSFER TO DELHI.

*Statements showing the Imperial buildings and sites in Calcutta which were retained or vacated by the Government of India on the transfer of the capital from Calcutta to Delhi and how they have been disposed of*

*N.B.*—The information given in the statements is in a somewhat different form to that required by Mr. Brajendra Narayan Chaudhury as it is not possible to furnish it in the manner desired in the question.

## STATEMENT A.—Imperial buildings in Calcutta which have

Item No.	Name of building.	Date of erection or purchase.	Value of	
			Land.	Building, exclusive of departmental charges.
1	2	3	4	5
			Rs.	Rs.
1	No. 5, Esplanade Row, West—Legislative Council Building (Old).	Not known	1,11,031	1,44,158
2	No. 8, Hastings Street—Central Press Building.	1885-86	5,16,375	*5,72,363
3	No. 51, Chowringhee Road—Lord Bishop's Palace.	1849-50	1,36,750	1,40,727
4	No. 1, Charnock Place, + 15/1, Strand Road—Custom House.	1849	6,55,594 4,65,000(a)	10,34,887(b)
5	No. 4, Charnock Place—General Post Office, Calcutta.	1868	9,18,937	6,04,810
6	No. 7, Koila Ghat Street, Calcutta	..	..	..
	(1) A. G., Posts and Telegraphs	1897-98	1,76,000	5,23,726
	(2) Postmaster-General, Bengal and Assam.	1906-07	..	2,53,316

\* Including the value of



been retained for use by the Central Government.

Capital cost.	How utilized at present.	Remarks
6	7	8
Rs.		
2,55,189	Occupied by :— (1) Office of the Registrar of the Dioceses of Lahore, Lucknow, Nagpur and Calcutta (2) Govt. of India Press, Calcutta. (3) Govt. of India Dispensary. (4) Committee of Legal Education, High Court. (5) Office of the Superintendent of Police, E. B. Railway	The Government of Bengal pay rent for the accommodation occupied by them
10,88,738	(1) Government of India Press, Calcutta. (2) Central Book Depot	Nil
2,77,477	Occupied by the Lord Bishop	Transferred to the Church of India.
21,55,481	Occupied by the Custom Office	(a) Value of site of Port and Shipping Office (15/1, Strand Road) purchased in 1938 from the Government of Bengal for the construction of New Custom House. (b) Exclusive of the value of the buildings dismantled in 1938 to make room for the new Custom House.
15,23,747	Occupied by the Postal Department	Nil
6,99,726	Occupied by :— (1) Dy. A G, P. & T., Calcutta. (2) Accounts Offices Association, Bengal (P. & T. Br) (3) P. & T. Accounts Co-operative Credit Society.	Nil.
2,53,316	Occupied by office of the Presidency Postmaster, Calcutta (Portion of office).	

electrical installation.

## STATEMENT A.—Imperial buildings in Calcutta which have

Item No.	Name of building.	Date of erection or purchase.	Value of	
			Land.	Building, exclusive of departmental charges.
1	2	3	4	5
7	No. 33, Dalhousie Square, Calcutta Old Telegraph Office, Main Buildings.	1876-77	Rs. 3,93,750	Rs. 8,78,711
8	No. 8, Wellesley Place, New Central Telegraph Office & Quarters, Calcutta	1913	2,25,000	8,43,567
9	No. 1, Dalhousie Square, Paper Currency Office.	1868	1,06,500	} 16,74,768
	Mangoe Lane—			
	Paper Currency Office + . . .	1901-02	} 72,969	
	Extension of new buildings . . .	1910-11		
10	No. 27, Chowringhee Road—Indian Museum Superintendent's quarters.	1903	} 8,06,802	27,69,649
11	No. 1, Sudder Street—Indian Museum, Art and Economic Section.	Not known		
12	No. 2, Chowringhee Lane—Indian Museum, East Block and servants' quarters.	1896-97		
13	No. 2, Charnock Place—Old Opium Godown.	..	2,92,312	2,11,915
14	No. 14, Strand Road—New Opium Godown.	..	2,82,000	2,30,944
15	No. 2, Council House Street, St. John's Church.	1787-88	6,16,214	2,17,862
16	No. 2/1, Council House Street—Parsonage.	1900-02	1,50,714	41,385
17	No. 11/1, Dalhousie Square, North—St. Andrew's Church.	1814	3,06,367	2,64,048

been retained for use by the Central Government—*contd.*

Capital cost.	How utilized at present.	Remarks.
Rs.		
12,72,461	(1) Office of the Accounts Officer, Telegraph Check Office, Calcutta. (2) Office of the Dy. A. G., P. & T., Calcutta (Portion of office) (3) Office of Supdt., R. M. S., "E" Dn. (4) Office of Supdt., R. M. S., "C" Dn. (5) Office of Manager, D. L. O., Calcutta. (6) Manager, Stock Depot, Calcutta (a branch of P. M. G.'s Office, Calcutta). (7) Inspection Quarters. (8) Quarters for Conservancy Inspector & Watchman.	} Nil.
10,68,567	Used by the Traffic & Engr. Branches of the P. & T. Deptt.	Nil
18,54,237	Occupied by the Paper Currency Office.	Leased out to the Reserve Bank of India.
35,76,451	Occupied by the Indian Museum.	Nil
5,04,227	Occupied by the Customs Department.	Nil.
5,12,944	Ditto . . . .	Nil.
8,34,076	As a church . . . .	Nil.
1,92,099	As a residence for the Chaplain attached to St. John's Church, Calcutta.	Transferred to the Church of India.
5,70,415	As a church . . . .	Nil.

## STATEMENT A.—Imperial buildings in Calcutta which have

Item No.	Name of building	Date of erection or purchase.	Value of	
			Land.	Building, exclusive of departmental charges.
1	2	3	4	5
			Rs.	Rs.
18	Nos. 5 and 6, Esplanade Row, East—Combined Military and Foreign Secretariat buildings.	1904	16,09,500	18,72,813
19	No. 3, Church Lane (including portions of Nos. 3, 4 and 5, Church Lane)—Stamp and Stationery Office.	1896	3,45,773	*6,46,581
20	No. 11, Strand Road—Stamp and Stationery Warehouse.		4,79,500	*4,89,368
21	No. 11-1, Strand Road (portion of Nos. 3, 4 and 5, Church Lane)—Stamp and Stationery Office.		6,69,007	
22	No. 47, Strand Road—Mint Guards' quarters and Tank		1,984,812	29,07,671
23	No. 48, Strand Road—Copper Mint (Mint Master's quarters, east of road)	1866	31,82,500	
24	No. 68, Strand Road—Mint building (west of road).	..	9,50,144	
25	No. 69, Strand Road—Mechanics' quarters, etc.	1874. 1903-04	9,15,750	
			70,33,206	
	Deduct value of land transferred to the Port Commissioners of Calcutta.		7,45,670	
26	No. 12, Strand Road—Imperial Library ("Metcalfe Hall").	1901-02	62,87,536 1,33,000	3,37,765
27	No. 13, Wood Street—Surveyor General's Office.	..	1,44,462	1,92,614
28	No. 14, Wood Street—Photo-Litho Office.	..	89,265	3,57,155
29	No. 15, Wood Street—Mathematical Instruments Office.	1887-88.	87,993	2,52,224

\*Including the value of

been retained for use by the Central Government—*contd.*

Capital cost.	How utilized at present.	Remarks.
6		
Rs.		
34,82,31	Occupied by :-	<i>Nil.</i>
	(1) Commissioner of Income-tax (portion of office).	
	(2) Controller of Army Factory Accounts.	
	(3) Defence Department.	
	(4) Controller of Military Accounts, P & A. District	
	(5) Archdeacon of Calcutta.	
	(6) Archæological Survey.	
	(7) Imperial Library.	
	(8) Controllers of Inspection and Purchase (Indian Stores De- partment).	
	(9) Records of the late Indian Muni- tions Board	
9,92,354	(10) M. A. G.'s records	
16,38,475	Occupied by the Stamp and Station- ery Office	<i>Nil</i>
91,95,207	As in column 2	<i>Nil.</i>
4,70,765	Occupied by the Mercantile Marine Department including the Ship- ping Office	<i>Nil.</i>
3,37,076		
4,46,420	As in column 2	<i>Nil.</i>
3,40,217		

electrical installation.

## STATEMENT A.—Imperial buildings in Calcutta which have

Item No.	Name of building.	Date of erection or purchase.	Value of	
			Land.	Building, exclusive of departmental charges.
1	2	3	4	5
			Rs.	Rs.
30	No. 166, Dhurrumtolla Street—Central Press building (old).	1881-82 .	6,68,265	*6,63,832
31	No. 1, Temple Street—Central Press .	..		
32	Nos. 31 and 34, Judge's Court Road, Alipur—"Hastings House".	Not known	2,24,647	2,99,468
33	No. 4, Duel Avenue—Meteorological Observatory, Alipore, including Magnetic Observatory and Meteorological Reporter's Office and quarters, Alipore.	1876 1900-01 1899	34,125	1,68,060
34	No. 248, Lower Circular Road, Alipore, Telegraph Storeyard.	Not known	3,09,583 (estimated).	13,67,149
35	No. 165-1, Lower Circular Road—St. James's Church.	..	72,778	2,39,406
36	No. 167, Lower Circular Road—St. James's Church, Parsonage.	1864 .	80,414	41,073
37	No. 3, Diamond Harbour Road—St. Stephen's Church.	1846. .	42,100	74,838
38	No. 5, Diamond Harbour Road—St. Stephen's Church, Parsonage.	1862-63 .	19,012	49,160
39	No. 29-7, Gopalnagar Road—Posts and Telegraphs Office, Alipore (with Postmaster's quarters.)	1913-14 .	5,051	82,830
40	No. 50, Colocotollah Street (Imperial Military)—Military Students' quarters and outhouses.	1899-1900	1,27,006	2,93,215

\*Including the value of

been retained for use by the Central Government—*contd.*

Capital cost.	How utilized at present.	Remarks.
6	7	8
Rs.		
13,32,097	Central Forms Store and Central Forms Press.	<i>Nul</i>
5,24,115	Occupied by the office of the headquarters of the Eastern States Agency.	<i>Nul</i>
2,02,185	As in column 2 . . . . .	<i>Nul.</i>
16,76,732	Telegraph Storeyard and Workshops and other offices of the Telegraph Department.	<i>Nul</i>
3,12,184	As in column 2 . . . . .	<i>Nul</i>
1,21,487	Do. . . . .	Transferred to the Church of India.
1,16,938	Do. . . . .	<i>Nul</i>
68,172	Do. . . . .	Transferred to the Church of India.
87,881	Do. . . . .	<i>Nul</i>
4,20,221	Occupied by Military Medical Students.	<i>Nul.</i>

electrical installation.

## STATEMENT A.—Imperial buildings in Calcutta which have-

Item No.	Name of building.	Date of erection or purchase.	Value of	
			Land.	Building, exclusive of departmental charges.
1	2	3	4	5
			Rs.	Rs.
41	"Belvedere" . . . . .	..	21,49,013	12,78,395
41A	30—Belvedere Road (Old Bodyguard Lines).		75,172	76,403
42	No. 6, Dacres Lane . . . . .	1901	1,20,700	86,766
43	No. 110, Chittaranjan Avenue—All-India Institute of Hygiene and Public Health (Main building including electric pump room).	1931-32	7,01,212	6,28,649
44	Government Test House, Alipore . . . . .	Not known	2,49,506	3,56,629



been retained for use by the Central Government—*concd.*

Capital cost.	How utilized at present.	Remarks.
6	7	8
Rs. 34,27,408	As a residence for His Excellency the Viceroy during his visits to Calcutta.	This building was taken over from the Government of Bengal in 1920, in exchange for Government House, Barrackpore (Statement C, item 4), for occupation by His Excellency the Viceroy on the occasions of his annual visits to Calcutta.
1,51,575	By the Bodyguard Detachment and other servants of The Viceroy's Household.	<i>Nil</i>
2,07,466	Occupied by the Customs Department.	<i>Nil</i>
13,29,861	As in column 2	<i>Nil</i>
6,06,135	Do.	<i>N</i>

## STATEMENT B.—Imperial buildings in Calcutta which are

Item No.	Name of building.	Date of erection or purchase.	Value of	
			Land.	Building, exclusive of departmental charges.
1	2	3	4	5
			Rs.	Rs.
1	No. 2, Government Place,— Treasury Buildings . . . .	1885-86 .	9,60,000	9,41,902
2	No. 3 Government Place,— Imperial Secretariat . . . .	1890-91 .	6,88,500	10,51,786
3	New Imperial Secretariat,— No. 1, Council House Street .	1911-12 .	10,09,500	15,11,191

occupied jointly by Imperial, Provincial and other offices.

Capital cost.	How utilized at present.	Remarks.
6	7	8
<p>Ra. 19,01,902</p>	<p>Occupied by portions of the offices of the Accountant General, Bengal, and the Post Office, the Treasury Buildings Co-operative Society and the Treasury Buildings Institute Also by Examiner of Local Audit &amp; C. &amp; W Department, Bengal, Electrical Sub-Division. Two rooms have been set apart for use by the Honourable the Finance Member and Secretary, and one room is used for storing certain old public debt records which are in the charge of the Reserve Bank of India.</p>	<p>As A below.</p>
<p>17,40,286</p>	<p>Occupied by :—            (1) Commissioner of Income-tax, Bengal,            (2) Office of the Accountant General, Bengal.            (3) Govt. of India Press, Calcutta.            (4) Certain Provincial Offices.            (5) Registrar of Joint Stock Companies.            (6) Registrar of Firms.</p>	<p>The Government of Bengal pay rent for the accommodation occupied by them in Central Government buildings. } A.</p>
<p>25,20,691</p>	<p>Occupied by :—            (1) Administrator General and Official Trustee, Bengal.            (2) Chief Inspector of Explosives            (3) Chief Mining Engineer, Railway Board.            (4) Controller of Patents.            (5) Exe.-Engr., Western Development Division.            (6) Conciliation Officer, Railways.            (7) Executive Engineer, Central (Aviation) Division, Calcutta.            (8) Railway Rates Advisory Committee.            (9) Post Master General, Bengal and Assam Circle.</p>	<p>As A above. }             The Government of Bengal pay rent for the accommodation occupied by them in Central Government buildings. }</p>

## STATEMENT C.—Imperial building in Calcutta which have

Item No.	Name of building.	Date of erection or purchase.	Value of	
			Land.	Building, exclusive of departmental charges.
1	2	3	4	5
1	No. 87-1, College Street, Senate House and outhouse.	1873.	Rs. 1,79,358	Rs. 4,71,235
2	No. 67-3-1, Strand Road, Dhoony Office	1875-76	22,500	13,296
3	Viceregal Estate (excluding Government House, Barrackpore).	1809, 1895, 1903, 1907, 1908 and 1909.	61,91,260	28,52,292
4	Government House, Barrackpore	Not known	Not known	3,78,742
5	No. 244, Lower Circular Road—Chemical Laboratory, Presidency General Hospital.	1885.	..	16,395

been transferred to the Provincial Government or other authorities

Capital cost.	How utilized at present.	Remarks.															
6	7	8															
Rs. 6,50,593	As a Senate House	<p>The Senate House was constructed at a cost of—</p> <table> <tr> <td></td><td>Estimate.</td><td>Value reported in 1912.</td></tr> <tr> <td></td><td>Rs.</td><td>Rs.</td></tr> <tr> <td>Land</td><td>94,953</td><td>1,79,358</td></tr> <tr> <td>Buildings</td><td>3,39,744</td><td>4,71,235</td></tr> <tr> <td>Total</td><td>4,34,697</td><td>6,50,593</td></tr> </table> <p>Since its construction, the Calcutta University, to whom the building has been presented as a free gift have been responsible for the maintenance of the property.</p>		Estimate.	Value reported in 1912.		Rs.	Rs.	Land	94,953	1,79,358	Buildings	3,39,744	4,71,235	Total	4,34,697	6,50,593
	Estimate.	Value reported in 1912.															
	Rs.	Rs.															
Land	94,953	1,79,358															
Buildings	3,39,744	4,71,235															
Total	4,34,697	6,50,593															
35,796	By the Calcutta Port Commissioners	This building was made over to the Port Commissioners on the 7th May 1918 in accordance with the terms of an indenture, dated the 21st December 1910, between the Secretary of State, for India and the Port Commissioners.															
90,43,552	As the residence of His Excellency the Governor of Bengal and His Excellency's staff.	The buildings comprised in this estate were transferred to the Government of Bengal, free of cost, with effect from 1st April 1912.															
3,78,742	As Government House	It has been declared as a Government House and reserved for the use of His Excellency the Governor of Bengal from 1st April 1937.															
16,395	As Pathological, Bacteriological and Biochemical Laboratory of Presidency General Hospital.	Transferred to the Government of Bengal, free of charge, by the Government of India, Department of Education, vide that Department's letter No. 1036, dated the 17th August 1915.															



## STATEMENT E.

Imperial buildings in Calcutta which have been sold.

Item No.	Name of building.	Date of erection or purchase.	Value of		Capital cost	Sold for	Remarks.
			Land.	Building, exclusive of departmental charges.			
			Rs	Rs	Rs.	Rs	
1	No. 3, Kolla Ghat Street.	Not known	12,00,000	6,92,022	18,92,022	19,00,000	This building was occupied by the Eastern Bengal State Railway on payment of rent at varying periods between September 1915 and March 1924. In March 1924, it was purchased outright by the Railway for 19 lakhs. This was the value at which the property was assessed for purposes of taxation by the Calcutta Corporation. The building was not then required for any Central Government office.
2	Nos. 5 and 6, Government Place, North-Thacker Spink's premises.	1905	4,32,055		4,32,055	3,72,000	Sold to the Government of Bengal
3	No. 9, Hare Street—"Englishman" office	1905	3,88,800		3,88,800	1,42,000	Sold to a private party in 1937
4	No. 1, Hurrish Ch. Mukherjee's Street.	1896-97	6,300	23,992	35,292	37,070	Sold to the Government of Bengal, vide Government of India, Department of Industries and Labour Letter No B6/865, dated the 30th August 1927

*Information promised in reply to starred question No. 448 asked by  
Mr. K. Santhanam on the 15th February, 1939.*

### MANUFACTURE OF BOILERS IN RAILWAY WORKSHOPS.

(a) Only the Bombay, Baroda and Central India Railway have every facility for manufacturing Metre Gauge boilers in their Ajmer Workshops.

(b) Yes, on certain railways detailed in the statement below sub-para. (c) and (d).

(c) & (d) The table below gives the information required :—

Railways.	Total number of boilers manufactured in Railway Workshops before, during and after the War.	Year in which built.	Reasons for the discontinuance of the practice of manufacturing boilers in Railway Workshops.
Jodhpur . . .	1 } Metre Gauge 1 1 1 }	1916 1917 1925 1926	} For want of adequate facilities for building boilers from un- flanged plates.
Total . . .	4		
East Indian . . .	6 } 10 5 3 20 } Broad Gauge 17 9 30 3 }	1910 1911 1912 1913 1922 1923 1924 1925 1926	} Because full capacity of the boiler shop has to be utilised for dealing with repairs to boilers.
Total . . .	103		
Bengal Nagpur . . .	3 } 1 2 4 3 } Broad Gauge 3 3 1 5 5 }	1915 1916 1917 1918 1920 1921 1922 1923 1925 1926	} Equipment in Kharagpur Work- shops was sufficient for the manufacture of light type boilers only, and even then considerable difficulties were experienced. The majority of the light type engines are now condemned through age and the remainder will be condemned within the next few years. No light type boilers will, therefore, be re- quired to be manufactured any further. There is no plant for the manufacture of heavier types of boilers now in use.
Total . . .	30		
Bombay, Baroda & Central India.	853 Metre Gauge from 1899 to 1939.	..	Boilers (Metre Gauge only) are still being manufactured in Ajmer Workshops.
Madras & Southern Maharatta.	30 } Broad Gauge 20 } from 1915 Metre Gauge to 1927.	..	The practice of building boilers at Perambur and Hubli was given up on account of the high cost of manufacture.
Total . . .	50		



Railway.	Total Number of boilers manufactured in Railway Workshops before, during and after the War.	Year in which built.	Reasons for the discontinuance of the practice of manufacturing boilers in Railway Workshops.
South Indian	6 } 2 } Metre Gauge 1 } 2 } Broad Gauge 1 } 7 } Metre Gauge 1 }	1915 1916 1917 1918 1919 1919	} Assembled from imported parts as a War measure.
Total .	20		
Grand Total .	1060		

(e) The question of the construction of Broad Gauge locomotives and boilers in one or more of the State-owned Railways' mechanical workshops is being re-investigated by an officer specially deputed for that purpose.

*Information promised in reply to parts (e) and (f) of starred question No 790 asked by Bhai Parma Nand on the 28th February, 1939.*

#### ADVERSE TREATMENT OF THE OLD EAST INDIAN RAILWAY STAFF TRANSFERRED TO THE NORTH WESTERN RAILWAY.

(e) Yes.

(f) It is understood that a representation from a Cabin Assistant Station Master (previously on the East Indian Railway) who is now employed as a Station Master on the North Western Railway was received in October, 1937, in regard to the adjustment of his position in the Seniority List. He was informed that his seniority had been determined in accordance with the procedure adopted in the case of other Cabin Assistant Station Masters.

*Information promised in reply to parts (c) to (f) of starred question No. 870 asked by Bhai Parma Nand on the 8th March, 1939.*

#### EXAMINATION FOR RECRUITMENT OF THIRD DIVISION CLERKS IN THE CENTRAL SECRETARIAT

(c) 100

(d) Yes, 26 vacancies have been so withheld.

(e) and (f). The question was considered and it was decided that successful candidates from the 1937 examination list should be appointed to such vacancies as occurred and were actually filled during the financial year 1938-39. Vacancies were as a result offered to 60 of those candidates.

*Information promised in reply to starred question No. 1005 asked by Mr. Lalchand Navalrai on the 13th March, 1939.*

#### BATHING ARRANGEMENTS FOR THIRD CLASS PASSENGERS ON RAILWAYS.

(a) and (b). A list is appended of the bathing facilities at important stations on major Railways, showing the nature of the arrangements provided.

(c) The matter is receiving the attention of the North Western Railway Administration.

*List of important stations having bathing arrangements for third class passengers on certain Class I Railways.*

Railway.	Names of stations where bathing arrangements for third class passengers are provided.	Nature of bathing arrangements.
Bengal Nagpur Railway.	Raipur, Balasore and Palasa.	The bathing cabins consist of 6 units each.
Bombay, Baroda and Central India Railway.	<i>Broad Gauge—</i> Bombay Central, Ahmedabad and Anand.  <i>Metre Gauge—</i> Phulera, Mehsana and Wadhwan.	At Bombay Central there are 10 tiled bathing places with water laid on, for men, and 3 for women, situated in the third class waiting hall.  At Phulera two enclosures are provided for purdah ladies on the passenger platform. At Ahmedabad two blocks containing eight cubicles in each are provided on the pilgrim platform, one at each end.  At Anand there are two separate bath rooms in the Hindu Refreshment Rooms. At Mehsana and Wadhwan facilities with water taps exist in the Indian refreshment Room.
East Indian Railway.	Howrah . . . Asansol . . . Kiul Jn. . . Dinapore . . . Buxar . . . Moghalsarai . . . Gaya . . . Allahabad . . . Fatehpur . . . Cawnpore Central . . . Etawah . . . Shikohabad . . . Lucknow . . . Fyzabad . . . Ajodhya . . . Benares Cantt. . . Partapgarh . . .	3 shower taps.  Bathing places with taps for males and females Pucca bathing places near 3rd class waiting shed as well as on the Up Platform. Three bathing rooms with taps in 3rd class waiting shed. An enclosed bathing place with tap, but with no roof near the 3rd class waiting shed. Pucca bathing place with taps on the platform. Pucca bathing place exists in the 3rd class waiting shed. There is a pucca building to the east of 3rd class passengers hall having 8 cubicles 4 for males and 4 for females with a raised tap in each. There is a small bathing place for 3rd class passengers. This is a covered place with a tap. Bathing arrangements are provided for 3rd class passengers both on the city side and Cantonment side. The places are covered and have taps. There are bathing arrangements in 3rd class waiting rooms for ladies only at these places, where taps have been provided. Covered bathing enclosure with taps. Uncovered bathing enclosure with taps. Ditto ditto. Ditto ditto. Covered bathing enclosure with tap.

Railways.	Names of stations where bathing arrangements for third class passengers are provided.	Nature of bathing arrangements.
East Indian Railway— <i>contd.</i>	Shahjahanpur	Eight cubicles each measuring 5' x 5' with a roof and a tap each, without door, have been provided as bathing places. A purdah wall is provided in front.
	Bareilly . . .	Ditto
	Morabad . . .	Ditto
Great Indian Peninsula Railway.	Kurduwadi (during fairs).	} For men only
	Jubbulpore . . .	
	Jhansi . . .	} For women only
	Kurduwadi (during fairs).	
	Bhusawal . . .	} Bathing cubicles constructed with corrugated iron sheets and provided with paved floor and a water tap.
	Itarsi . . .	
	Khandwa . . .	} Bathing arrangements are provided but not separately for men and women.
	Manmad . . .	
	Jubbulpore . . .	}
	Jhansi . . .	
	Dhond . . .	}
	Katni . . .	
Madras and Southern Mahratta Railway.	Arkonam . . .	} Bathing facilities are provided in the Hindu Refreshment Rooms worked departmentally at these stations.
	Bezwada . . .	
	Cuddapah . . .	}
	Dronachellam . . .	
	Gudur . . .	}
	Guntakal . . .	
	Guntur . . .	}
	Hospet . . .	
	Hubli . . .	}
	Jalarpet . . .	
	Katpadi . . .	}
	Londa . . .	
	Miraj . . .	}
	Nidadavolu . . .	
	Nandyal . . .	}
	Ongole . . .	
	Pakala . . .	}
	Raichur . . .	
	Ranigunta . . .	}
	Sasmalkot . . .	
	Tenali . . .	}
	Wathar . . .	
South Indian Railway.	Trichinopoly Jn. . .	} Bath rooms for third class passengers have been provided in the Indian Refreshment Rooms at these stations.
	Vriddachalam Jn. . .	
	Villupuram Jn. . .	}
	Madura Jn. . .	
	Erode Jn. . .	}

NOTE.—It is proposed to provide a bathing place in the 3rd class waiting hall at Victoria Terminus.

*Information promised in reply to parts (c), (d) and (e) of starred question No. 1094 asked by Mr Sri Prakasa on the 16th March, 1939.*

#### CONTRACTS FOR SUPPLY OF PORTERS ON THE EAST INDIAN RAILWAY.

(c) I am informed that the contractors charge only the contracted rates

(d) The cost of uniform varies from Re 1/- to Rs 2/8/- according to the station and the actual cost is realised from the porters.

(e) For the work performed by the station porters in loading and unloading parcels on railway account, the porter contractor receives Rs. 30/- monthly at Lucknow and Rs. 40/- at Moghal Sarai. These amounts are distributed among the porters concerned

*Information promised in reply to parts (a) and (b) of starred question No. 1321A asked by Mr S Satyamurti on the 27th March, 1939*

#### EXHIBITION OF ANTI-INDIAN FILMS IN FOREIGN COUNTRIES

(a) and (b) A Statement is laid on the table

*Statement of cinematograph films held to be offensive to Indian sentiment which were either prohibited or allowed to be exhibited after excisions during the period 1934-38.*

Name of film and producing company.	Province.	Remarks.
1. A Night in Cairo (Metro-Goldwyn-Mayer, U. S. A.).	Madras (Prohibited)	Described as a sordid intrigue between an Egyptian Dragoon and an American woman.
2. Bombay Mail (Universal Pictures, U. S. A.).	Bombay (Prohibited)	Described as a travesty of official life in India.
3. Charge of the Light Brigade (Warner Bros., U. S. A.).	Bombay (Prohibited but later certified after excisions).	Includes an episode based on the Indian Mutiny.
4. Mecca Haj (Studios Mizr, Egypt).	Bombay (Prohibited, but later certified after excisions).	Certain portions held to be offensive to Muslim sentiment were excised.
5. Garden of the Moon (First National, U. S. A.).	Bombay (Prohibited, but later certified after excisions).	Certain scenes referring to a Maharajah were excised.
6. Lives of a Bengal Lancer (Paramount Films, U. S. A.).	Bengal and Madras (Certified after excisions).	Certain incidents held to be offensive to Muslim sentiment were excised.
7. Entertainer (Cololumbia, U. S. A.).	Bombay (Certified after excisions).	A portion of the film regarding Mr. Gandhi was excised.
8. Strange as it seems (Universal, U. S. A.).	Ditto	Dialogue held to be offensive to Muslims was excised.
9. Ripley Believe it or not (Vitaphone, U. S. A.).	Ditto	Scenes held to be offensive to Muslims were excised.

Name of film and producing company.	Province.	Remarks
10. Lord Jeff (Metro Goldwyn Mayer, U. S. A.).	Bombay (Certified after excisions).	Scenes held to be offensive to the Harijans were excised.
11. The Drum (London Film Production).	Bombay and Bengal (certified after excisions). Punjab Prohibited)	Certain incidents in the film were regarded as offensive to the Muslim Community.
12. Gunga Din (R. K. O. Radio Pictures, U. S. A.).	Bengal (Prohibited, but the exhibition of a revised version was later permitted)	The original version contained portions which might have had an undesirable effect on the relations between different communities and between the Army and the public.

*Information promised in reply to part (e) of starred question No 1329 asked by Mian Ghulam Kadir Muhammad Shahban on the 28th March, 1939.*

#### CITY BOOKING OFFICE AT SUKKUR

Government do not know whether the Administration had hopes of arresting traffic formerly going by boats and country carts. They understand that the City Booking Agency was opened to restore to traders facilities withdrawn from them by the closing of Sukkur Bunder as a booking station for smalls, i.e., traffic in less than wagon loads. It is in any case impossible to measure the extent to which the Agency has been instrumental in diverting traffic from other forms of transport as, although the bookings at it have risen from 20,000 maunds in 1936-37 to 24,000 maunds in 1937-38 and 31,000 maunds in 1938-39, no accurate estimate can be made of the proportion of these bookings which would have been made at the railway station if the Agency had not been available.

*Information promised in reply to starred question No. 1352 asked by Mr. B. B. Varma on the 28th March, 1939*

#### TICKET CHECKING STAFF ON THE NORTH WESTERN RAILWAY.

(a) (i) Headquarters Ticket Checking Staff in December, 1938 :—

No.	Designation.	Grade of pay.	Special pay.	Travelling allowance.
		Rs.	Rs.	Rs.
1	Head Special Ticket Examiner	200—10—250	45	3 per diem.
7	Special Ticket Examiners	66—4—90	20	25 per mensem.

This staff is required to exercise a special check on the work of the Divisional Ticket Checking Staff and to make surprise checks of passenger trains, as and when directed, over the whole line.

## (ii) Divisional Ticket Checking Staff in December, 1938 :—

No.	Designation.	Grade of pay.	Consolidated monthly Travelling allowance.
		Rs.	Rs.
1	Divisional Inspector of Special Ticket Examiners.	200—10—270	65
6	Ditto ditto . . .	200—10—250	65
26	Special Ticket Examiners . . .	100—10—180	50
4	Ditto ditto . . .	105—5—140	35
51	Ditto ditto . . .	50—5—95	35
216	Ditto ditto . . .	66—4—90	25

This staff is required to check tickets in trains and at stations within the divisions to which they are posted.

(b) Special pay is granted to the Headquarters Ticket Checking Staff in view of their greater responsibility and longer periods of absence from headquarters.

Rs.

(c) Cash earnings from excess fare receipts issued by the Headquarters group from the 8th June, 1936, (when that group started to function) to the 31st December, 1938, amounted to . . . . . 22,197

Expenditure incurred on this staff during this period amounted to . . . . . 46,878

Cash earnings from excess fare receipts issued by Divisional Special Ticket Examiners for the same period amounted to . . . . . 6,57,828

Expenditure incurred on this staff during that period amounted to . . . . . 11,24,720

(d) Number of persons detected without tickets by the Headquarters group from 8th June, 1936, to 31st December, 1938 . . . . . 10,763

Number of persons detected without tickets by the Divisional Special Ticket Examiners for the same period . . . . . 3,69,023

The number of working days is not available.

(e) The Headquarters group are required to check the work done by Divisional Special Ticket Examiners and station staff, to supplement it and to enable "cent per cent." checks to be made in selected areas. The administration considers that the expenditure incurred has been fully justified.

*Information promised in reply to part (b) of starred question No. 1353 asked by Mr. S. Satyamurti on the 28th March, 1939.*

## RAILWAY EARNINGS FROM THE TRIPURI CONGRESS.

The gross earnings of all railways derived from the Tripuri Congress have been estimated at Rs. 1,75,300, approximately.

*Information promised in reply to starred question No. 1537 asked by Mr. Lalchand Navalrai on the 5th April, 1939.*

#### REFUND OF OVERDRAWALS BY CERTAIN EMPLOYEES ON THE NORTH WESTERN RAILWAY.

(a) Yes. 725 men were involved, and the excess payment amounted to approximately Rs. 71,000.

(b) and (c). It has been decided to waive the recovery of amounts paid in excess, more than one year before the discovery of over payment, and if recoveries already made exceed the amounts which it has now been decided to recover these will be refunded

*Information promised in reply to starred question No 109 asked by Sardar Sant Singh on the 5th September, 1939.*

#### PURCHASE OF MEDICINES FOR THE NEW DELHI AYURVEDIC AND UNANI DISPENSARIES.

(a) The total provision for each of the financial years 1934-35 to 1937-38 was Rs 6,000 and the total provision for the financial year 1938-39 was Rs. 4,800. The sums provided in each year were allotted in equal shares to the Unani and the Ayurvedic dispensary.

(b) About 60 per cent of the grant was used by the Hakim or Vaid in charge for preparing medicines at the dispensaries, and the balance was spent in purchasing ready made medicines locally.

(c) Yes

(d) A member of the Committee is appointed annually to check the stocks kept by the Vaid and Hakim

(e) and (f). I am prepared to take it from the Honourable Member that there are many firms manufacturing Unani and Ayurvedic medicines but the Committee are satisfied with the quality of the medicines purchased locally and Government see no reason for any interference with the existing arrangement.

*Information promised in reply to starred question No. 114 asked by Sir Abdul Halim Ghuznavi on the 5th September, 1939.*

#### PRICE OF IMPORTED STARCH.

*"C. i. f. prices" of Pearl Maize Starch imported into India (as reported by the Collectors of Customs).*

(Rs. per ton.)

Month.	Bombay.	Calcutta.	Karachi.	Madras.
1937.				
November .	162 0 0	163 5 4		..
December .	160 0 0	163 5 4	143-12-0 to 147-8-0	..
1938.				
January .	160 0 0	163 5 4	143-12-0 to 152-8-0	..
February .	160 8 0	163 5 4	127-8-0 to 133-12-0	..
March .	160 0 0	135 0 0.	117-8-0 and 137-8-0 to 143-12-0.	..

(Rs. per ton.)

Month.	Bombay.	Calcutta.	Karachi.	Madras.
April . . .	154 8 0	135 0 0	117-8-0 and 137-8-0	..
May . . .	160 12 0	135 0 0	117-8-0 and 137-8-0	..
June . . .	148 0 0	126 10 8	127-8-0 to 135-0-0	..
July . . .	140 0 0	126 10 8	111-4-0 to 117-8-0 and 138-12-0.	..
August . . .	136 0 0	126 10 8	113-12-0 to 117-8-0	..
September . . .	133 8 0	135 0 0	113-12-0	..
October . . .	132 0 0	135 0 0	130-0-0	..
November . . .	130 0 0	123 5 4	111-4-0 to 117-8-0	..
December . . .	130 0 0	123 5 4	111-4-0 to 117-8-0 and 123-12-0.	..
1939.				
January . . .	130 0 0	110 0 0	113-12-0 to 117-8-0 and 123-12-0 to 131-4-0.	..
February . . .	128 0 0	110 0 0	127-8-0	145 0 0
March . . .	127 8 0	110 0 0	141-4-0	..
April . . .	126 8 0	110 0 0	127-8-0 to 131-4-0	..
May . . .	123 0 0	110 0 0	113-12-0 to 137-8-0	..
June . . .	120 8 0	110 0 0	113-12-0 to 121-4-0	143 5 4

*Information promised in reply to starred question No. 122 asked by Mr. Muhammad Azhar Ali on the 8th September, 1939.*

#### APPEALS AGAINST PENALTIES IMPOSED ON INCOME-TAX OFFICERS IN THE UNITED PROVINCES

(a) In nine cases—five in the United Provinces and four in the Central Provinces. The penalties imposed were suspension in one case, censure in three cases and withholding of increments or promotion, including stoppage at an efficiency bar, in five cases

(b) In four cases in the United Provinces and none in the Central Provinces. In two cases orders were passed by the Central Board of Revenue and in two cases Government of India acted on the advice of the Federal Public Service Commission

(c) Two were rejected, one accepted and one withheld.

(d) In disciplinary cases which are referred to them for advice, the Federal Public Service Commission have always before them the complete records of the proceedings and all connected documents. These papers include the defence, representation or appeal of the accused officer at each stage of the proceedings. In one or two exceptional cases, in the past, the Commission have heard the accused officer but it is not their usual practice to do so and it was not allowed in any of the cases of the Income-tax Department, Central and United Provinces Government generally follow the procedure adopted by the Federal Public Service Commission

(e) The procedure prescribed for such cases in Rule 55 of the Classification, Control and Appeal Rules has been followed

(f) Government have no reason to believe that the prescribed procedure for imposing penalties is not followed, generally

(g) The power to impose any of the penalties specified in rule 49 of the Civil Services (Classification, Control and Appeal) Rules on Class II Officers, viz., Income-tax Officers, Assistant Income-tax Officers and Chief Examiner of Accounts has been delegated to Commissioners of Income-tax. No delegation has been made in respect of Class I Officers, viz., Commissioners and Assistant Commissioners of Income-tax.



(h) The procedure for the imposition of penalties is prescribed in rule 55 of the Civil Services (Classification, Control and Appeal) Rules under which adequate opportunity for representation or defence is allowed to the officer against whom penalty proceedings are instituted.

*Information promised in reply to starred questions Nos. 127 and 128 asked by Maulvi Abdur Rasheed Chaudhury on the 11th September, 1939.*

#### FEMALE WAITING SHED AT BARAMCHAL ON THE ASSAM BENGAL RAILWAY.

*Starred question No 127*—(a)—(e) The existing waiting shed for ladies at Baramchal is 12' long by 8' wide. The minimum height of the roof above the floor is 7' and the average height 8'. It is walled on three sides with corrugated iron sheets, the remaining side being open. There is one window in the back wall measuring 2' 9" by 2'. There is no arrangement to prevent cattle entering but no complaints on this score have been received.

#### VERANDAHS AT BARAMCHAL ON THE ASSAM BENGAL RAILWAY

*Starred question No 128*—(a) The minimum height of the roof above the floor of both verandahs is 8'-6", the average height being 10'-6"

(b) No ceiling is provided in the verandahs

(c) No record of temperature is maintained

*Information promised in reply to starred question No 146 asked by Mr. Muhammad Nauman on the 11th September, 1939*

#### APPOINTMENT OF TOOL KEEPERS IN THE SAIDPUR WORKSHOP, EASTERN BENGAL RAILWAY

A Hindu Tool Keeper was appointed in January, 1937, on Rs 22. A Muslim Tool Keeper was appointed on Rs 16 in 1935. The difference in pay was based on an assessment of the capacity of the individuals and not on communal considerations; the pay of Rs 16 was also fixed for a Hindu who was at first selected for the earlier vacancy.

*Information promised in reply to part (a) of starred question No. 180 asked by Mr. Lalchand Navalrai on the 14th September, 1939.*

#### PROMOTION OF LOCOMOTIVE RUNNING STAFF ON THE NORTH WESTERN RAILWAY

On the Karachi Division, drivers working on what is known as the Rohri link No. 1 earn "overtime" averaging between 70 and 80 days in the month, but not on the Lahore Division. What is described as "overtime" includes (i) the allowance based on mileage, which is given irrespective of the number of hours worked, and (ii) the allowance given for work in excess of eight hours in a day. The former allowance is at the rate of a day's pay for every 100 miles covered. The latter, which is the only allowance for overtime, properly so called, is at the rate of a day's pay for every eight hours on duty in excess of eight hours in any day, and accounts for only about one-tenth of the allowances. The question of the possible effect of the hours on efficiency is being examined.

*Information promised in reply to part (a) of starred question No. 195 asked by Mr. H. M. Abdullah on the 14th September, 1939.*

RECRUITMENT OF MUSLIMS AS LABOURERS, ETC, ON THE NORTH WESTERN RAILWAY

	Sub-Divisional Officer, No. 4, Moghalpura.		Sub-Divisional Officer, No. 5, Lahore.	
	Muslims.	Non-Muslims.	Muslims.	Non-Muslims.
Labourers . . .	579	426	184	185
Semi-skilled artisans .	65	92	35	24
Skilled artisans .	92	81	55	42

These figures relate to the six months, March to August 1939.

*Information promised in reply to starred question No. 206 asked by Mr. Lalchand Navarai on the 18th September, 1939.*

DELAY IN DISPOSING OF THE BUILDING PLANS IN THE KARACHI CANTONMENT.

(a) Government have seen the article in the *Daily Gazette* of Karachi, dated the 20th August, 1939, a copy of which was forwarded with this question

(b) No. The Board has to refer to the Military Estates Officer only those applications which fall within the purview of sub-section (3) of section 181 of the Cantonments Act, 1924

(c) The answer to the first part is in the affirmative and the second part in the negative. In this connection the attention of the Honourable Member is invited to the proviso to sub-section (6) of the section quoted in part (b) above

(d) Government have no data on which to admit the statement in the first part, but Government understand that the question of delay in the sanction of building plans by the Cantonment Board, Karachi, was represented to the Director, Military Lands and Cantonments, during his visit to Karachi Cantonment. A copy of the orders issued in the matter is attached. There are only four cases where sanction is still outstanding and further orders are being issued to local authorities to expedite the disposal of those applications.

(e) The answer to the first part is in the affirmative and as regards the second part the amendment of the Cantonments Act has already been noted for consideration when that Act is next amended. Government believe that for the present the instructions referred to in part (d) will considerably ease the situation.

Cantonments/Regulations.

No. 58-R./D.-4.

GOVERNMENT OF INDIA

DEFENCE DEPARTMENT,

*New Delhi, the 19th January, 1939.*

To

The General Officer Commanding-in-Chief,

Northern Command.

Eastern Command,

Southern Command

The Commander, Western Independent District,

The Deputy Director, Military Lands and Cantonments,

Northern Command,

Eastern Command,

Southern Command

The Officer-in-Charge, Military Lands and Cantonments Office, Western Independent District.

The Military Estates Officer, Baluchistan Circle

The Military Estates Officer, Sind Circle

*Delay in the disposal of applications received by cantonment boards for the erection or re-erection of buildings on sites under the management of Military Estates Officers*

Sir,

It has been represented to the Government of India that considerable inconvenience is being experienced by cantonment boards in the disposal of applications for the erection or re-erection of buildings on lands in cantonments under the management of Military Estates Officers, due to the non-receipt by the board concerned of the Military Estates Officer's report within the period of thirty days prescribed in section 181 (3) of the Cantonments Act, 1924

2. As such applications invariably involve the consultation of the various authorities concerned, it is realized that some delay is inevitable and that there is no effective solution of the problem. The Government of India would, however, be glad if, on receipt, such applications are dealt with by all concerned promptly and with all possible despatch. Some delay could also be avoided if the General Officer Commanding-in-Chief concerned communicated a copy of his orders *direct* to the Military Estates Officer concerned to enable him to get on with the preparation and the despatch of his report to the cantonment board concerned.

\* 3. This disposes of your letter No 1952/1/61/L. C., dated the 19th December, 1938

I am Sir,

Your most obedient servant,

(Sd.) G. F. J. PATERSON,

Colonel

*Director, Military Lands and Cantonments*

\*To Western Ind. Dist. only.

Cantonments/Regulations.

No. 346-R. D-4.

GOVERNMENT OF INDIA

DEFENCE DEPARTMENT,

New Delhi, the 10th April 1939

To

The General Officer Commanding-in-Chief,  
Northern Command,  
Eastern Command,  
Southern Command

The Commander, Western Independent District,  
The Deputy Director, Military Lands and Cantonments,  
Northern Command,  
Eastern Command,  
Southern Command

The Officer-in-Charge, Military Lands and Cantonments Office, Western Independent District.

The Military Estates Officer, Sind Circle.

The Military Estates Officer, Baluchistan Circle

*Applications for the erection or re-erection of buildings in cantonments*

Sir,

In continuation of Defence Department letter No 58-R/D-4, dated the 19th January, 1939, I am directed to say that the Government of India have carefully considered the legal aspect of the question of whether or not, on the expiry of the statutory time limit of 30 days prescribed in sub-section (3) of section 181 of the Cantonments Act, 1924, a cantonment board can sanction a building application without awaiting the report of the Military Estates Officer concerned. They recognize that there is a mandatory period of 30 days fixed in the abovementioned sub-section and that the failure of the Military Estates Officer or of Government to take the required action within this period might give the applicant a cause of action against either or both of them. On the other hand the *terminus a quo* fixed by the proviso to sub-section (6) of the same section, viz, that the period of one month specified shall be reckoned from the date on which the board has received the Military Estates Officer's report referred to in sub-section (3), is equally mandatory and is binding on both the applicant and the cantonment board. The conclusion therefore is that, so far as an applicant's building operations are concerned, he can derive no advantage from the Military Estates Officer's failure to return the application to the board within 30 days nor can the board sanction the application without the Military Estates Officer's report.

\*2 This disposes of your letter No 19104/II/135/L C-3, dated the 15th February, 1939

I am Sir,

Your most obedient servant,

(Sd) G. F. J. PATERSON,  
Colonel.

*Director, Military Lands and Cantonments.*

\*To G. O. C. only.

*Information promised in reply to parts (a), (c) and (d) to (f) of starred question No. 217 asked by Mr. Muhammad Nauman on the 19th September, 1939.*

# RECRUITMENT OF MUSLIMS AND NON-MUSLIMS IN CERTAIN POSTS ON THE EAST INDIAN AND EASTERN BENGAL RAILWAYS.

(a) & (e). A tabular statement is attached showing the classification as between subordinate and labour staff of the categories referred to by the Honourable Member. Those classed as subordinate staff are governed by the rules regulating communal representation applicable to subordinates, and those classed as labour staff by rules regulating communal representation applicable to inferior staff and labourers.

(c) & (d). Categories classified as labour staff on the Eastern Bengal Railway in the attached statement have always been treated as such, and Time Keepers in the Engineering Department and Works Sircars on the Eastern Bengal Railway were treated as labour staff prior to December, 1939. As regards recruitment the position is as stated above.

(f). The duties of Tally Clerks and Time Keepers on the East Indian Railway are clerical. The duties of Time Keepers in the Mechanical Department, Time Keepers in the Engineering Department, and Tally Clerks on the Eastern Bengal Railway are not similar.

## Statement.

Designation.	Scale of pay.	Classification.	
		Eastern Bengal.	East Indian.
	Rs.		
(i) Time Keeper . . .	30—3—45—5—60	Subordinate .	Subordinate.
(ii) Material Checking Clerk	30—3—45—5—60	*	Subordinate.
(iii) Store Munshi . . .	21—3—45	Subordinate .	*
(iv) Coal Checker . . .	35—3—50	*	*
(v) Coal Munshi . . .	21—3—45	Subordinate .	*
(vi) Works Sircar . . .	30—3—45—5—60	Subordinate .	*
(vii) Store Tindal . . .	24—2—34	Labour . . .	*
(viii) Tally Clerk . . .	20—1—28	Subordinate .	*
(ix) Punching Clerk . . .	30—3—45—5—60	Subordinate .	*
(x) Head Mate . . .	37—3—52	Labour . . .	*
(xi) Store Munshi, Signal Engineering Depart- ment.	45—3—50	*	*

\* No designation on this scale of pay.

*Information promised in reply to starred questions Nos 253, 254, 255, 256, 257 (d) and 258 asked by Mr. Surrya Kumar Som on the 20th September, 1939.*

#### BLASTING OF ROCKS BY GUN POWDER IN KAROL BAGH, DELHI.

*Starred question No. 253.—(a) Yes.*

(b) No. The accident was not due to any negligence on the part of the contractor as all precautions necessary under the Blasting Rules were taken by him and the Executive Engineer concerned before the rock was blasted. The place where blasting was done is about 575 feet away from the nearest house.

(c) No

(d) No Blasting operations are carried out in accordance with the restrictions laid down in the Blasting Rules

(e) No.

(f) The rates for rock cutting are higher than those for the excavation of earth but there has been no case of violation of the terms of the contract for rock cutting.

(g) No Blasting in inhabited areas is not permitted.

#### INSTALLATION OF SANITARY FITTINGS, ETC , IN KAROL BAGH, DELHI.

*Starred question No 254 —(a) Action is being taken by the Delhi Improvement Trust under the relevant sections of the Punjab Municipal Act, 1911*

(b) The reply to the first part is in the affirmative For existing houses, attention is invited to the reply to paragraph (a) of this question

#### INCREASE IN THE RENTS OF NAZUL LAND IN DELHI.

*Starred question No 255 —(a) The Delhi Improvement Trust is revising the rents payable on leases of land in the Western Extension Area as such leases fall due for renewal The leases were originally granted on rentals of four annas and eight annas per hundred square yards per mensem without premium, and as land values have risen very considerably since then, the Trust feels justified in taking the full enhancement permissible under the terms of the lease.*

(b) Poor class building sites are allotted on a standard rent of rupee one per hundred square yards per mensem, and no change is proposed.

#### UNSATISFACTORY SANITARY CONDITION OF NAIWARA IN KAROL BAGH, DELHI.

*Starred question No 256 —(a) No*

(b) No; the dumping ground is about one mile from the inhabited area

(c) No Karol Bagh lies in the Delhi Municipality and is not part of New Delhi

(d) No special instructions are required

(e) The whole of the Karol Bagh area has recently been provided by the Delhi Improvement Trust with a complete sewage system, including public latrines Day to day conservancy is a matter for the Delhi Municipal Committee and not for the Trust

(f) No

(g) Efforts are being made to improve conditions in the area.

#### CREATION OF THE APPOINTMENT OF ADDITIONAL CIVIL SURGEON FOR DELHI

*Starred question No 257.—(d) Information is not readily available, and the time and labour involved in compiling a statement of the kind required would not be commensurable with the result It may be stated however, for the information of*

" the Honourable Member that owing to certain changes in the incumbency of the post of Chief Medical Officer, which made it necessary for the Additional Civil Surgeon, Delhi, to hold the post of Chief Medical Officer, in addition to his duties, figures for the last 12 months were, if available, would not be typical

#### OPENING OF MORE AYURVEDIC AND UNANI DISPENSARIES IN NEW DELHI.

*Starred question No. 258 —(a) No.*

(b) Government do not consider that any action is required. The existing Ayurvedic and Unani dispensaries are adequate to meet the needs of persons living in the areas mentioned by the Honourable Member

*Information promised in reply to starred question No. 265 asked by Shaukh Rafiuddin Ahmad Siddiquee on the 22nd September, 1939*

#### COMMUNAL COMPOSITION OF PERSONS RECRUITED IN THE GENERAL MANAGER'S OFFICE ON THE EASTERN BENGAL RAILWAY

General Manager's office.	Hindu.	Muslim	Anglo-Indian
Personnel Branch	8	11	2
Other Branches	11	9	..

*Information promised in reply to part (d) of starred question No. 270 and parts (e) and (f) of starred question No. 274 asked by Mr. M. M. Abdullah on the 22nd September, 1939*

#### REPRESENTATION OF MUSLIMS IN THE TRAFFIC INSPECTOR'S POSTS ON THE NORTH WESTERN RAILWAY

*Starred question No. 270 —(d)* Since the candidates were interviewed there have been two officiating vacancies in the grade of Traffic Inspector. One was offered to a Muslim who declined it.

#### RECRUITMENT OF INFERIOR STAFF ON THE NORTH WESTERN RAILWAY.

*Starred question No. 274.—(e)* After the issue of the orders to which reference is made in part (d) of the question six luggage porters were recruited by the Station Master, Simla, one of whom was a Muslim. There was no application from any other Muslim till the 10th March, 1939, when one applied and was engaged displacing a Hindu.

(f) The reply to the first part is in the negative. The Divisional order in question was issued in January, 1939, with a view to making up by the 31st March, 1939, a deficiency in the prescribed quota for communal recruitment on the Delhi Division and was not operative after that date. The percentage of actual recruitment of Muslims in inferior service on that Division during 1938-39 was 40.4 against permanent posts and 37.8 against temporary posts as against the prescribed percentage of 37.9. The latter part of the question does not, therefore, arise.

*Information promised in reply to parts (a) to (f) of starred question No. 275 asked by Mr. H. M. Abdullah (on behalf of Khan Bahadur Shaikh Fazl-i-Haq Piracha) on the 22nd September, 1939.*

#### PROVISION OF CERTAIN NECESSITIES IN THE MOSQUE ATTACHED TO THE MOGHALPURA WORKSHOP.

(a) and (b) Yes.

(c) No separate record is maintained of the expenditure on repairs, but action has been taken from time to time, when necessary. In September, 1938, a sum of Rs 370 was sanctioned from the Staff Benefit Fund for repairs, and these repairs were completed in March, 1939.

(d) Government have no information beyond the fact that the platform is surrounded by ordinary wire fencing.

(e) The Government of India understand that three representations were received. No reply was sent to the first two, which were received in May, 1939, but the matter was investigated. As regards the third representation, the General Manager has agreed to receive a deputation of members of the Anjuman-i-Islamia.

(f) In the past considerable sums were so spent by the North Western Railway, but it is not possible to state the exact amount. Such expenditure has now been cut down to a minimum.

*Information promised in reply to part (c) of starred question Nos. 280 and parts (b) and (c) of starred question No. 283 asked by Mr. Lalchand Navalani on the 22nd September, 1939.*

#### APPLICATION OF THE HOURS OF EMPLOYMENT REGULATIONS TO VAN SORTERS ON THE NORTH WESTERN RAILWAY.

*Starred question No. 280—*(c) The reply to the first part is in the affirmative, but the increase was not confined to the Karachi Division. The reason for the change is that it is likely to secure a considerable saving.

#### PROMOTION OF SHUNTING STAFF ON THE NORTH WESTERN RAILWAY

*Starred question No. 283—*(b) There is no Shunting Jamadar on the list of men qualified as Yard Foremen, and there has, therefore, been no case in which promotion to the grade of Yard Foreman has been refused on the grounds mentioned.

(c) No, because there appears to be no necessity for the issue of any instructions.

*Information promised in reply to unstarred questions Nos. 8, 12, 13, 18 and 19 asked by Bhairi Parma Nand on the 22nd September, 1939.*

#### INTRODUCTION OF THE DESIGNATION OF RAILWAY TICKET COURT INSPECTORS ON STATE RAILWAYS.

*Unstarred question No. 8.—*(a) There are no posts designated "Railway Ticket Court Inspectors" on any of the railways mentioned,

(b) to (d). Do not arise.



DIVERSION OF THE DELHI-DEHRA DUN EXPRESS *via* MORADABAD.

*Unstarred question No. 12*—(a) No.

(b) There was no reason for introducing from the 23rd June, 1939, the diversions mentioned in the circular, as the conditions precedent to the operation of this circular had not arisen

(c) Had no train run over the section, obviously there would have been no derailment

(d) The Senior Government Inspector, who enquired into the accident, found that no responsibility could be attached to Railway staff

## PROMOTION OF ASSISTANT STATION MASTERS AND GUARDS IN THE MORADABAD DIVISION OF THE EAST INDIAN RAILWAY

*Unstarred question No. 13*—The Divisional Superintendent, Moradabad, reports that he issued no circular bearing the number and date cited

(a) There is no allotment to the lower grade of assistant station masters and to guards of percentages of vacancies arising in a higher grade of assistant station masters

(b) Yes

(c) In the absence of an explanation of what is meant by inter-change or *inter se* appointments, it is not possible to furnish a reply

## CONTRACTS GIVEN ON THE NORTH WESTERN RAILWAY

*Unstarred question No. 18*—Four contracts for the supply of ice and aerated waters are in operation on the North Western Railway. They are held by the following:

- 1 Messrs A & M Wazir Ali for the Northern Section
- 2 Messrs Bliss & Co, for the Southern Section
- 3 Major Kunwar Deep Chand for the Eastern Section
- 4 Messrs Tepplitz Aerated Water Co, for the Central Section

The appointment of these contractors was made by the Chief Commercial Manager on behalf of the General Manager after calling for applications through the press

The agreement permits licencees to sell ice and aerated waters to the travelling public and railway employees on station platforms and in all trains carrying passengers from 15th March to 31st October on the Northern, Eastern and Central Sections and from the 15th March to the 15th November on the Southern Section for each of the years 1939, 1940 and 1941

It fixes the prices and the scale of supplies to be carried, provides for free travelling facilities for salesmen, enables the Railway administration to prescribe where stalls and depots shall be opened and deals with various incidental matters. The agreement is terminable at three months' notice by either party

## RAILWAY ACCIDENT IN THE GHAZIABAD YARD.

*Unstarred question No. 19*—At 4.35 A.M. on the 27th November, 1938 a shunting engine passed over a set of points in the Down Yard of Ghaziabad station before they had been correctly set for the movement. The points were damaged. No one was injured and no one was punished

## DEATH OF MR. SHAM LAL

**The Honourable Sir Muhammad Zafrullah Khan** (Leader of the House): Honourable Members must have been grieved to learn, during the recess of the death of Mr. Sham Lal. Mr. Sham Lal was well-known for the strength and the depth of his feelings, the independence of his views and the courage and persistence with which he always put them forward. He had a deep sense of right and wrong and could never reconcile himself to anything which he thought was wrong. I am sure, the whole House feels the loss of Mr. Sham Lal, and I have to request you that you may be kind enough to convey our very sincere condolences to the members of the bereaved family.

**Syed Ghulam Bhik Nairang** (East Punjab Muhammadan) Sir, on behalf of the Muslim League Party, I heartily join in the motion made by the Honourable the Leader of the House. Mr. Sham Lal was a gentleman who always contributed very valuable opinions and views to the various debates and discussions held in this House, and, in doing so, he not only was an exponent of the views of his Party, but he was a gentleman who acted from a high sense of public duty. The House will no doubt miss him. His speeches, apart from being informing, used to create a good deal of liveliness which indicated the amiable nature of the gentleman making them. He was in great personal touch with me, and I personally feel the loss all the more. I heartily join in the motion of condolence made by the Honourable the Leader of the House.

**Mr. A. Aikman** (Bengal European) Mr. President, on behalf of the European Group, I should like to express our grief at the passing of our distinguished colleague and to add our tribute to his great abilities. His passing is a great loss, not only to his Party, but also to this House who will miss the able contributions which he so often made to the many debates in which he took part. I would ask you to include the name of the European Group in any message which you send to his relatives.

**Mr. Lalchand Navalrai** (Sind Non-Muhammadan Rural) On behalf of the Congress Nationalist Party, I share all the remarks that have been made. It is well-known that Mr. Sham Lal was very useful, both inside and outside this Assembly. One trait in him was that he was very independent. He would give out his feelings without fear or favour. In him we have lost a very able colleague. The House and the country outside, especially the Punjab, are feeling his loss very much. I share all the remarks made by previous speakers, and I heartily join in this motion.

**Mr. President** (The Honourable Sir Abdur Rahim): I entirely sympathise with the House as regards their sense of loss at the death of Mr. Sham Lal. He was an extremely active Member of the House who never allowed any proceedings to go without making valuable contributions. Among other things, he was remarkable for his observations pregnant with wit on many questions that arose from time to time. I knew him, for a long time, and I entirely agree with the Leader of the House in the tribute

he has paid to the great services that Mr. Sham Lal rendered to the House. I shall convey a message of condolence to the members of the bereaved family.

## MOTIONS FOR ADJOURNMENT

### RIOTS IN SIND.

**Mr. President** (The Honourable Sir Abdur Rahim) The Chair has received notice of a motion for adjournment from Mr Lalchand Navalrai to the effect that he wants the business of the House to be adjourned in order to discuss a definite matter of urgent public importance, *viz.*, "the failure of the military authorities reconstituted during the recent riots in Sind (which culminated in arson, loot and murders) to assume full control in the disturbed areas and the failure of the Central Government to give the required directions" The Chair has however, to convey to the House that His Excellency the Governor General has disallowed this motion on the ground that the motion cannot be moved without detriment to the public interest.

The same Honourable Member has given notice of another adjournment motion relating to the same subject, *viz.*, "the failure of the Central Government to exercise its inherent and supervisory power over the Sind Government during the recent riots which culminated in arson, loot and murders and disturbed the peace and tranquillity of Sind, detrimental to the interests of minorities" That motion also has been disallowed by the Governor General on the ground that the motion cannot be moved without detriment to the public interest.

**Mr. Lalchand Navalrai** (Sind Non-Muhammadan Rural) Sir, I would like to know whether there is any way out of this difficulty so that I can express my feelings with regard to the state of public feeling and apprehension of the people of Sind in this Assembly

**Mr. President** (The Honourable Sir Abdur Rahim): The Chair does not know The Honourable Member must find it out for himself.

### HAJ PILGRIM TRAFFIC.

**Mr. President** (The Honourable Sir Abdur Rahim): Sir Abdul Halim Ghuznavi also has given notice of a motion for adjournment to the effect that he wants to move the adjournment of the business of the Assembly in these terms namely, that "This Assembly do adjourn to discuss a definite matter of urgent public importance, *viz.* the inequitable share allotted to the Indian Shipping concerns in the Haj Pilgrim traffic".

The Chair understands that no notice has been given to the Secretary as required by the rules. Is that so?

**An Honourable Member from the Government Benches:** Nor to the Government Member.

**Mr. President** (The Honourable Sir Abdur Rahim): So it cannot be moved.

## PANEL OF CHAIRMEN.

**Mr. President** (The Honourable Sir Abdur Rahim): I have to inform the House that under sub-rule (1) of rule 3 of the Indian Legislative Rules, I nominate Dr Sir Ziauddin Ahmad, Mr M S Aney, Sir Cowasji Jehangir and Mr. A. Aikman on the Panel of Chairmen for the current Session

## H E GOVERNOR GENERAL'S ASSENT TO BILLS

**Secretary of the Assembly:** Sir, information has been received that the following Bills which were passed by both Chambers of the Indian Legislature during the Simla Session, 1939, have been assented to by His Excellency the Governor General under the provision of sub-section (1) of section 68 of the Government of India Act, as continued by section 317 of the Government of India Act, 1935:

- (1) The Indian Census Act, 1939,
- (2) The Indian Salt (Amendment) Act, 1939,
- (3) The Code of Civil Procedure (Amendment) Act, 1939.
- (4) The Indian Tea Cess (Amendment) Act, 1939,
- (5) The Medical Diplomas Act, 1939,
- (6) The Indian Tariff (Fourth Amendment) Act, 1939,
- (7) The Commercial Documents Evidence Act, 1939,
- (8) The Indian Carriage by Air (Amendment) Act, 1939.
- (9) The Indian Rubber Control (Amendment) Act, 1939,
- (10) The Indian Railways (Amendment) Act, 1939,
- (11) The Repealing and Amending Act, 1939.
- (12) The Defence of India Act, 1939,
- (13) The Indian Air Force Volunteer Reserve (Discipline) Act, 1939,
- (14) The Indian Aircraft (Amendment) Act, 1939,
- (15) The Panth Piploa Courts (Amendment) Act, 1939,
- (16) The Indian Oaths (Amendment) Act, 1939,
- (17) The Motor Vehicles (Amendment) Act, 1939,
- (18) The Insurance (Second Amendment) Act, 1939, and
- (19) The Workmen's Compensation (Second Amendment) Act, 1939.

## HOME DEPARTMENT DECLARATIONS OF EXEMPTIONS LAID ON THE TABLE.

**The Honourable Sir Reginald Maxwell** (Home Member): Sir, I lay on the table:

- (i) a copy of the Home Department Declaration of Exemption, No. 21/68/39-Political (W), dated the 21st September, 1939;
- (ii) a copy of the Home Department Declaration of Exemption, No. 21/68/39-Political (W), dated the 7th October, 1939;
- (iii) a copy of the Home Department Declaration of Exemption, No. 21/68/39-Political (W), dated the 9th November, 1939,

- (iv) a copy of the Home Department Declaration of Exemption, No. 21/68/II/39-Political (W), dated the 17th November, 1939;
- (v) a copy of the Home Department Notification, No. 21/68/39-Political (W), dated the 7th December, 1939; and
- (vi) a copy of the Home Department Declaration of Exemption, No. 21/68/39-Political (W), dated the 18th December, 1939

No 21/68/39-Political (W)

GOVERNMENT OF INDIA

HOME DEPARTMENT

Simla, the 21st September, 1939

*Registration of Foreigners Act, 1939*

*Declaration of Exemption*

In exercise of the powers conferred by section 6 of the Registration of Foreigners Act, 1939 (XVI of 1939), the Central Government is pleased to declare that the provisions of the Registration of Foreigners Rules, 1939, shall not apply to, or in relation to, the Governor-General of Portuguese India or the Governor of the French Establishments in India, or to members of their family or staff accompanying them

H J FRAMPTON,

*Deputy Secretary to the Government of India*

— — — — —  
No 21/68/39-Political (W)

GOVERNMENT OF INDIA

HOME DEPARTMENT

New Delhi, the 7th October, 1939

*Declaration of Exemption*

In exercise of the powers conferred by section 6 of the Registration of Foreigners Act, 1939 (XVI of 1939), the Central Government is pleased to declare that the provisions of the Registration of Foreigners Rules, 1939, except rule 8 and such of the provisions of rules 4, 14, 15 and 16 as apply to, or in relation to, passengers and visitors who are not foreigners, shall not apply to, or in relation to, the following persons, namely :—

- (a) the French Trade Commissioner in India, Burma and Ceylon, Calcutta;
- (b) the Senior American Trade Commissioner in India, Burma and Ceylon, Calcutta;
- (c) the Assistant American Trade Commissioner in India, Calcutta, and
- (d) the Italian Trade Commissioner in India, Bombay.

E. CONRAN-SMITH,

*Secretary to the Government of India*

No. 21/68/39-Political (W).

## GOVERNMENT OF INDIA.

## HOME DEPARTMENT

New Delhi, the 9th November, 1939.

*Declaration of Exemption*

In exercise of the powers conferred by section 6 of the Registration of Foreigners Act, 1939 (XVI of 1939), the Central Government is pleased to declare that the provisions of the Registration of Foreigners Rules, 1939, except rule 8 and such of the provisions of rules 4, 14, 15 and 16 as apply to, or in relation to, passengers and visitors who are not foreigners, shall not apply to, or in relation to, the Japanese Resident Officer in India.

H J FRAMPTON,

*Deputy Secretary to the Government of India.*

No 21/68/II/39-Political (W)

## GOVERNMENT OF INDIA

## HOME DEPARTMENT

New Delhi, the 17th November, 1939

*Declaration of Exemption*

In exercise of the powers conferred by section 6 of the Registration of Foreigners Act, 1939 (XVI of 1939), the Central Government is pleased to declare that the provisions of the Registration of Foreigners Rules, 1939, except rule 8 and such of the provisions of rules 4, 14, 15 and 16 as apply to, or in relation to, passengers and visitors who are not foreigners, shall not apply to, or in relation to, the following members of the Japanese Delegation who have arrived in India to participate in the Indo-Japanese trade negotiations, namely:—

- 1 Mr Kyuhichi Toyoshima
- 2 Mr Rihichiro Abe
- 3 Mr Tanchiro Matsuo.
- 4 Mr Katsuzo Shibata.
- 5 Mr Shigeru Kawa

2 This Declaration will remain valid during the period of stay of these persons in India

H J FRAMPTON,

*Deputy Secretary to the Government of India.*

No 21/68/39-Political (W).

## GOVERNMENT OF INDIA

## HOME DEPARTMENT

New Delhi, the 7th December, 1939

## NOTIFICATION.

In exercise of the powers conferred by section 6 of the Registration of Foreigners Act, 1939 (XVI of 1939), the Central Government is pleased to make the following further amendment in the Declarations published with the notification of the Government of India in the Home Department, No 21/32/39-Political, dated the 21st June, 1939, namely:—

In the said Declarations—

1. In Declaration 4 for the words "or the Federated Malay States" the words "the Federated Malay States, the Persian Gulf, Makran or Saudi Arabia" shall be substituted.

2 For Declaration 4A the following Declaration shall be substituted, namely :—

“4A That the provisions of rule 14 of the Registration of Foreigners Rules, 1939, shall not apply to, or in relation to, any person to whom Declaration 2 or 3 of this Order applies and who is proceeding to, or returning from, the Hedjaz on pilgrimage when such person is staying at a hotel at a port of departure for, or arrival from, pilgrimage.”

H J FRAMPTON,

*Deputy Secretary to the Government of India.*

No 21/68/39-Political (W)  
GOVERNMENT OF INDIA  
HOME DEPARTMENT

New Delhi, the 18th December, 1939.

*Declaration of Exemption*

In exercise of the powers conferred by section 6 of the Registration of Foreigners Act 1939 (XVI of 1939), the Central Government is pleased to declare that the provisions of rule 10 (2) of the Registration of Foreigners Rules, 1939, shall apply to, or in relation to, the following persons, namely —

- 1 The Archbishop of Pondicherry (the Most Reverend Augustine Colas)
- 2 Dr (Miss) Ida Sophia Scudder, Head of the Women's Medical Mission, Vellore
- 3 Dr Johannes Frimodt-Moller, Head of the Tuberculosis Sanatorium, Madanapalle

H J FRAMPTON,

*Deputy Secretary to the Government of India.*

EXTERNAL AFFAIRS DEPARTMENT DECLARATION OF  
EXEMPTION LAID ON THE TABLE

**Mr. O. K. Caroe** (Secretary, External Affairs Department) **Sr. I** lay on the table a copy of the External Affairs Department Declaration of Exemption, No F 207-N /39, dated the 12th October, 1939

No. F. 207-N /39  
GOVERNMENT OF INDIA  
EXTERNAL AFFAIRS DEPARTMENT

New Delhi, the 17th October 1939.

*Registration of Foreigners Act, 1939*

*Declaration of Exemption*

In exercise of the powers conferred by section 6 of the Registration of Foreigners Act, 1939 (XVI of 1939), the Central Government is pleased to declare that the provisions of the Registration of Foreigners Rules, 1939, except rule 8 and such of the provisions of rules 4, 14, 15 and 16 as apply to, or in relation to, passengers and

visitors who are not foreigners, shall not apply to, or in relation to, the four under-mentioned Officers of the Iraqi Government who are undergoing military training at the Staff College, Quetta —

- (i) Captain Ghazi Muhammad al Daghistani,
- (ii) Captain Hassan Ali Ghahib,
- (iii) First Lieutenant Abdul Razaq Hammudi, and
- (iv) First Lieutenant Akram Ahmad

2 This declaration is valid for so long as the Officers named are attached for training to the Staff College, Quetta

(Sd) C A G SAVIDGE,

*Under Secretary to the Government of India.*

## THE INDIAN ARBITRATION BILL.

### PRESENTATION OF THE REPORT OF THE SELECT COMMITTEE.

**The Honourable Sir Muhammad Zafrullah Khan** (Law Member): Sir, I present the report of the Select Committee on the Bill to consolidate and amend the law relating to arbitration.

## THE REGISTRATION OF TRADE MARKS BILL

### PRESENTATION OF THE REPORT OF THE SELECT COMMITTEE.

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar** (Member for Commerce and Labour) Sir, I present the report of the Select Committee on the Bill to provide for the registration and more effective protection of Trade Marks.

## INSURANCE RULES LAID ON THE TABLE.

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar** (Member for Commerce and Labour): Sir, I beg to re-lay on the table a copy of the Insurance Rules, 1939.

## GOVERNMENT OF INDIA

### DEPARTMENT OF COMMERCE

## NOTIFICATION

### INSURANCE

*Simla, the 3rd June 1939*

No 597-I (1)/33.—In exercise of the powers conferred by sub-sections (1) and (2) of section 114 of the Insurance Act, 1938 (IV of 1938), read with section 22 of the General Clauses Act, 1897 (X of 1897), the Central Government is pleased to make the following rules, the same having been previously published as required by sub-section (1) of section 114 of the first mentioned Act, namely:—

## THE INSURANCE RULES, 1939.

### *Preliminary*

1 These rules may be called the Insurance Rules, 1939.  
Short title

2 In these rules,—  
Definitions.

“the Act” means the Insurance Act, 1938, (IV of 1938) and  
“the Bank” means the Reserve Bank of India



*Actuaries.*

3. For the purposes of the Act, an actuary shall be either .  
*Qualifications of actuaries*

(a) a Fellow of the Institute of Actuaries London, or of the Faculty of Actuaries in Scotland, or

(b) an Associate of such Institute or Faculty, or any other person having actuarial knowledge, to whom a certificate has been granted under rule 4

4 An Associate of the Institute of Actuaries, London or of the Faculty of Actuaries in Scotland, or other person, desiring to obtain a certificate under this rule, shall apply in writing to the Superintendent of Insurance stating his qualifications and the particular duties of an actuary under the Act which he wishes to undertake, and the Superintendent of Insurance may, if he is satisfied as to the applicant's competence, grant him a certificate authorising him to perform all or certain of the duties of an actuary under the Act subject to such conditions and restrictions as may be specified in the certificate

*Deposits with the Bank*

5 (1) Sterling securities shall be sent by the depositor with a covering letter to the Manager, Reserve Bank of India, London, and shall be held by the London office of the Bank on behalf of the Calcutta office of the Bank

(2) Deposits in sterling securities shall not be brought on the books of the Calcutta office of the Bank until that office has received an intimation in Form I from the London office of the Bank that the securities have been received

(3) Deposits, other than deposits in sterling securities, shall be sent by the depositor with a covering letter to the Manager Reserve Bank of India, Calcutta, and shall be held by the Calcutta office of the Bank

(4) Securities shall be duly transferred to the Bank by the depositor

(5) Upon receipt of the intimation referred to in sub-rule (2) or of a deposit under sub-rule (3) the Calcutta office of the Bank shall send—

(a) a certificate in Form II to the depositor, and

(b) a statement in Form III to the Superintendent of Insurance

Provided that, if the Bank is not satisfied as to the validity of the title or the depositor to the securities, it may return them to him with the request that they shall first be renewed or that such other measures as may be necessary shall be taken to clear the title

(6) The market value of sterling securities held by the Bank shall be converted at 1s. 6d to the rupee

6 When the form or amount of a deposit is changed by reason of a subsequent deposit, a substitution or a payment under sub-section (9) or sub-section (10) of section 7 of the Act, the Bank shall, within two weeks from the entry of such change in the books of the Bank, send a fresh certificate and a fresh statement of the nature, and in the manner, described in clauses (a) and (b) of sub-rule (5) of rule 5

7 When a security in deposit matures, or when any yield on such a security ceases to accrue, the Bank shall not be bound to inform the depositor, but, upon receipt of a requisition from the depositor made in writing and in accordance with the provisions of the Act, the Bank shall, within six weeks of such a receipt, collect the discharge value and hold the amount in cash to the credit of the depositor or invest it in securities specified by the depositor

8 (1) No interest shall be paid on cash deposits  
*Interest and dividends on deposits.*

(2) Interest or dividends on sterling securities shall be remitted by the London office of the Bank to the Calcutta office of the Bank at the Telegraphic Transfer Rate on India prevailing on the date of realisation of the interest or dividends

(3) The Calcutta office of the Bank shall remit interest or dividends on securities other than sterling securities, and amounts received from the London office of the Bank under sub-rule (2) without delay to the depositor at an office in India to be specified by the depositor,—

(a) if the office so specified is at a place where there is an office of the Bank or a branch of the Imperial Bank of India by means of a Government draft, and

(b) in other cases, by a Security Deposit Interest Payment Draft on the nearest Government Treasury,

after deduction of a commission of annas four on every sum of Rs 100 or part thereof.

9 (1) Withdrawals and payments from deposits and purchases of securities shall not be made save in accordance with the provisions of the Act and on receipt by the Bank of a requisition in writing and in accordance with the provisions of the Act from the depositor, a liquidator acting in accordance with law or a Court of competent jurisdiction, as the case may be

(2) The Bank shall not be bound, in pursuance of sub-rule (1), to return securities actually deposited, but may substitute therefor new scrip of securities of the same description and amount

(3) The Bank shall be entitled to charge, for the purchase of securities, any brokerage payable by the Bank in respect of such purchase

10 (1) The Superintendent of Insurance shall be entitled, free of any fee to inspect or to require from the Bank any information relating to any security deposited with the Bank under the Act

(2) The Bank shall, if so required furnish the Superintendent of Insurance, or any person authorised by him in that behalf in writing with a copy of any entry in any register or book maintained by the Bank relating to any deposit made with the Bank under the Act

(3) The Bank shall publish in the *Gazette of India* as soon as may be after the 1st January in each year a list in Form IV of deposits made with it under the Act, as at 31st December of the preceding year

#### *Prospectuses Tables and Proposal Forms*

11 (1) No person shall supply or exhibit any prospectus or table of premium rates to any other person with a view to the issue of a policy of insurance unless such prospectus or table includes—

(a) a description of the contingency or contingencies to be covered by insurance and the class or classes of lives or property eligible for insurance under the terms of such prospectus or table;

(b) a full statement of the circumstances, if any, in which rebates of the premiums quoted in the prospectus or table shall be allowed on the effecting or renewal of a policy, together with the rates of rebate applicable to each case, and

(c) a copy of section 41 of the Act

(2) The provisions of sub-rule (1) shall be deemed to have been complied with if to every such prospectus or table of premium rates supplied or exhibited after the date of commencement of the Act is attached in the form of an addendum a statement containing so much of the matters referred to in sub-rule (1) as is not already included in the said prospectuses or tables, but every prospectus and table of premium rates printed after the coming into force of the Act shall have the matters referred to in the said clauses incorporated therein

12 (1) Every proposal form in the case of life insurance or, in the case of any other form of insurance, the document, if any, forming the basis of the contract, shall contain the statement and copy mentioned in clauses (b) and (c) of sub-rule (1) of rule 11

(2) The provisions of sub-rule (2) of rule 11 shall apply *mutatis mutandis* to proposal forms, except that, where an addendum is attached to a proposal form, it shall also be signed by the person who signs the proposal form.

*Election of Directors by Policyholders.*

13 (1) A person shall not be eligible for election as a director of an insurance company under sub-section (1) of section 48 of the Act unless—

- Qualifications of elected directors of insurance companies.**
- (a) he holds, otherwise than by way of assignment or transfer, one or more policies of life insurance issued by the company satisfying the following requirements —
    - (i) the policies shall be either whole life policies or endowment life insurance policies, and not encumbered in any way; and
    - (ii) the total sum assured by the policies, including any bonuses that may have attached to them before the date of election is not less than Rs 2,000, where the company has at that date been carrying on life insurance business for not less than 5 years, and not less than Rs 1,000 in other cases; and
    - (iii) where the company has been carrying on life insurance business for more than 2 years each of the policies shall have been in force for not less than one, two or three years, according as the company has at the date of election been carrying on life insurance business for not more than 5 years, for more than 5 but not more than 8 years, or for more than 8 years; and
  - (b) he is not a director (other than an elected director of the company), manager, legal or technical adviser, managing agent, insurance agent or employee of any insurer, or an employer of insurance agents

(2) If at any date after election as a director, a person ceases to hold one or more policies of life insurance satisfying all the requirements specified in clause (a) of sub-rule (1) or begins to hold any disqualifying office or employment specified in clause (b) thereof, he shall forthwith cease to be an elected director of the company

14 (1) The election of directors under section 48 of the Act shall take place at a meeting of the holders of policies of life insurance issued by the company which shall be held at the place where the principal office of the company is situated

(2) Not less than 28 days before the meeting is to be held, there shall be inserted in a newspaper published in the English language and in a newspaper published in an Indian language circulating in the place where the principal office of the company is situated and, if there are policy-holders of the company residing in a Province other than that in which the principal office of the company is situated, in a newspaper published in a principal language of, and circulating in, that Province, a notice stating the number of directors to be elected at, and the time and place of, such meeting, which shall be fixed with a view to affording voters the fullest opportunities for attending, and informing policy-holders how to obtain admission to the meeting according to the manner hereinafter described. Such notice shall also set forth the qualifications which a person must possess in order to be eligible for election as a director, and shall invite applications from eligible persons prepared to accept office.

Provided that, where a company prints on its policies the qualifications of elected directors as set forth in rule 13, and issues, at least three months before the election, to all existing policyholders whose policies do not contain a statement of those qualifications, for attachment to their policies a slip setting forth those qualifications, the notice to be published in newspapers in accordance with this sub rule need not set forth those qualifications.

Provided further that a company may in respect of one or more Provinces, instead of publishing the notice in newspapers, send it by post to every policyholder residing therein

(3) The application from eligible persons prepared to accept office as elected directors of the company shall be sent by registered post to the principal office of the company so as to reach it not less than 10 days before the date of the meeting. Such applications shall be made in the English language or in a principal language of the Province in which the principal office of the company is situated. If the number of such applicants does not exceed the number of directors to be elected, all such applicants shall be deemed to have been elected as directors, and it shall not be necessary to

hold the meeting of policyholders as previously announced. The company shall in that event inform the policyholders forthwith by notice inserted in newspapers as in sub-rule (2), or by notice sent individually by post or by both methods, of the names of persons elected as directors and of the cancellation of the meeting.

(4) Every policyholder who desires to attend the meeting shall apply to the company for a certificate of admission, such application to reach the company not less than 15 days before the date of the meeting, and the company on being satisfied that the applicant holds a policy of life insurance issued by the company shall issue a certificate at least 6 days before the date of the meeting. Such certificate shall, if applied for by post, be sent only to the address of the policyholder, or if applied for in person, be delivered only on production of the relevant policy. A certificate of admission shall not be transferable.

(5) No person other than those whose presence is necessary for the conduct of the meeting shall be admitted to the meeting unless he produces the certificate of admission granted to him under sub-rule (4).

(6) The meeting shall be presided over by the chairman for the time being of the Board of Directors of the company, or in his absence by any director nominated by him, or in the absence of any such director by a chairman elected by the policyholders present at the meeting.

(7) Votes for the election of directors may be given at the meeting either personally or by proxy and in the manner hereinafter provided in this rule. The instrument appointing a proxy shall be in writing under the hand of the appointor in favour of a policyholder, and shall be presented at the principal office of the company not less than 6 days before the date of the meeting.

(8) Every policyholder present at the meeting shall be given one voting paper on his own behalf and one voting paper in respect of each proxy if any, which he holds. The number of votes to be given on each voting paper shall not exceed the number of directors to be elected and not more than one vote shall be given on each voting paper to any one candidate.

(9) The votes shall be counted by the company's auditors if present in that capacity, or failing them by scrutineers appointed by the meeting and working under the supervision of the Chairman. The result of the ballot shall be announced at the meeting, and in the event of an equality of votes the election shall be decided by lot.

(10) The first meeting of policyholders in accordance with this rule shall be held not later than one year after the commencement of the Act or in the case of a company incorporated after the commencement of the Act, within two years of the date of registration to carry on life insurance business.

(11) An election held in accordance with this rule shall not be invalid merely by reason of the accidental omission to send any notice or other document to, or the non-receipt of any notice or other document by, any policyholder, or of any other accidental irregularity or infirmity in the observance of the provisions of this rule.

15 (1) A director elected in accordance with these rules shall, as regards retirement from office and all other matters, be subject to the same rules and regulations as the other directors of the company.

(2) In the event of a casual vacancy arising among the directors elected in accordance with these rules the remaining directors may fill the vacancy by appointing a policyholder who is eligible under rule 13 for election as a director, and the person so appointed shall be subject to retirement at the same time as the director in whose place he is appointed.

#### *Insurance Agents.*

16. An individual who desires to obtain or renew a licence to act as an insurance agent shall proceed as follows —

- (a) He shall pay into the Reserve Bank of India or where there is no office of that Bank into the Imperial Bank of India acting as the agent of that Bank or into any Government Treasury, a fee of one rupee for credit under the head "XXXVI—Miscellaneous Departments—Miscellaneous—Fees realised under the Insurance Act, 1938", and obtain a receipt therefor.

- (b) He shall also obtain from the officer authorised by the Superintendent of Insurance under sub-section (1) of section 42 of the Act for the Province in which the applicant resides, or, if there is no such officer or the applicant resides outside British India, from the Superintendent of Insurance, a form of application for the licence which shall be as prescribed in Form V.
- (c) He shall then send the completed application form together with the receipt to the aforesaid officer or the Superintendent of Insurance, as the case may be, who shall, after taking all reasonable steps to satisfy himself that the application is in order and that the applicant is not disqualified from holding a licence, issue a licence in Form VI :

Provided that where it appears that a former licence of the applicant has been cancelled by the Superintendent of Insurance on the ground that the applicant has knowingly contravened a provision of the Act the officer shall report the matter to the Superintendent of Insurance

17. Where the Superintendent of Insurance cancels the licence of an insurance agent under sub-section (5) of section 42 of the Act he shall —

- (a) inform all the officers authorised by him under sub-section (1) of section 42 of the Act that the licence has been cancelled,
- (b) require the agent to return the licence issued to him, and
- (c) cause the fact of cancellation to be announced in the *Gazette of India*, and in such Provincial Gazette or Gazettes as he deems fit.

#### *Provident Societies.*

18 (1) Provident societies which immediately before the commencement of the Act were transacting bond investment business may continue to receive premiums or contributions and to make payments in respect of such business but shall not undertake any new business of that class

(2) For the purpose of sub-rule (1), 'bond investment business' means the business of effecting contracts by the issue of bonds, endowment certificates or other documents, whereby in return for one or more premiums paid to the provident society, the payment is insured of a sum or series of sums, at a future date or dates, whether fixed beforehand or determined by chance

19. (1) Every provident society shall in addition to the matters specified in clauses (a) to (o) of sub-section (1) of section 74 of the Act set forth in its rules. —

- (i) that where a policy is applied for on the life of a person other than the person paying the premiums on such policy, the name of the person paying the premiums and his relationship to the life insured shall be inserted in the policy, the policy shall not be issued till the life insured (or if he be not of age his legal guardian) has given his consent in writing to the insurance being effected, and the amount secured shall not be excessive having regard to the interest of the person paying the premiums in the life insured;
- (ii) the disqualifications, if any, due to change of occupation, residence, or other specified cause;
- (iii) the terms upon which any policy may be kept in force for a reduced benefit without liability to payment of further premiums;
- (iv) a statement to the effect that all policies issued after the commencement of the Act shall have clearly set out therein the matters referred to in section 68 and in clauses (f), (g), (h), (i) and (j) of sub-section (1) of section 74 of the Act and those referred to in clauses (ii) and (iii) above;
- (v) the method of voting at the meetings of the managing body and the number constituting a quorum;

(vi) a statement that no dividend shall be declared except as a result of a valuation under sub-section (1) of section 81;

(vii) a statement that no bonus other than an interim bonus shall be declared except as a result of a valuation made in accordance with sub-section (1) of section 81, that the rate of such bonus shall not exceed that recommended by the actuary, and that no interim bonus shall be declared at a rate exceeding that approved by an actuary; and

(viii) a statement that the paid-up capital shall not be treated as part of the society's assets for the purpose of showing a divisible surplus at the time of any investigation made under sub-section (1) of section 81, and that where assets of the nature of organisation or preliminary expenses exceed the paid-up capital the fund shall be diminished by the amount of such excess for the purpose of ascertaining the financial condition of the society

(2) All rules made by a Local or Provincial Government under section 24 of the Provident Insurance Societies Act, 1912, are hereby repealed.

20 (1) The revenue account and balance sheet of a provident society shall be prepared in accordance with Forms VII and VIII respectively, and in their completion regard shall be had to the notes appended thereto

Forms of accounts and statements

(2) If it so desires a provident society may submit a profit and loss account in addition to a revenue account and balance sheet

(3) The statements required under clauses (a) (i) and (b) of sub-section (2) of section 80 of the Act shall be prepared in accordance with Forms IX and X respectively

21 (1) Whenever an investigation is made into the financial condition of a provident society under section 81 of the Act the report of the actuary—

Actuarial reports

(a) shall, so far as practicable, be prepared in accordance with the regulations and requirements contained in the Fourth Schedule to the Act except that it shall not be necessary to supply a consolidated revenue account in Form G, a statement in Form DDD of additions to and deductions from policies and a statement in Form DDDD of particulars of policies forfeited or lapsed;

(b) shall contain in the appropriate places the information required in clauses (a) to (c) of sub-section (2) of section 81,

(c) shall state the proportion of the renewal premium income spent in payment of commission and other expenses in each year during the period since the last investigation after allowing, as the cost of the new business of the year, 7½ per cent of single premiums and 90 per cent of first year's premiums falling due in the year after deduction of those unpaid under policies allowed to lapse in the year,

(d) shall state whether the actuary has taken steps to prevent the policy reserve values from being less than the minimum surrender values;

(e) shall have appended to it a certificate as prescribed in sub-section (2) of section 81, and

(f) shall contain a statement that in no case where a policy has been written off as a lapse does there exist any further liability actual or contingent

(2) Where an investigation into the financial condition of a provident society is made as at a date other than the expiration of the year of account, the accounts for the period since the expiration of the last year of account and the balance sheet as at the date at which the investigation is made shall be prepared and audited in the manner provided by the Act and these rules

22 Every document submitted to the Superintendent of Insurance under section 82 of the Act shall be signed by two or more directors where the Society is a company incorporated under the Indian Companies Act, 1913, or under the Indian Companies Act, 1882, or under the Indian Companies Act, 1866, or under any Act repealed thereby or by the proprietors in any other case, and in addition, in all cases, by the principal officer of the society.

Signatures to documents submitted by provident societies

23. The notices referred to in sub-section (6) of section 92 of the Act shall be sent by post to the last known addresses of the persons concerned as recorded in the society's books, and certificates of posting shall be obtained therefor :

Provided that the liquidator may at his discretion send all or any of the notices by registered post.

#### *Fees.*

24 (1) The fee for registration under section 3 of the Act shall be one hundred rupees for each of the following classes of insurance business done or to be done by the insurer, namely :—

- (i) life insurance,
- (ii) fire insurance,
- (iii) marine insurance,
- (iv) accident and miscellaneous insurance, including workmen's compensation and motor-car insurance.

Provided that where the business done or to be done is marine insurance business relating to country craft or its cargo and no other form of marine insurance the fee for registration shall be fifty rupees for that class of business and provided further that where an insurer who has obtained a certificate of registration for carrying on marine insurance business relating to country craft or its cargo subsequently applies for registration to carry on any other class of marine insurance business the fee for such registration shall be fifty rupees only

(2) The fee for registration shall be paid into the Bank or where there is no office of the Bank, into the Imperial Bank of India acting as the agent of that Bank or into any Government Treasury for credit under the head "X\XVI-Miscellaneous Departments—Miscellaneous—Fees realised under the Insurance Act, 1938", and the receipt shall be sent along with the application for registration

(3) The fees payable under sub-section (1) of section 20 of the Act shall be paid in the manner provided in sub-rule (2)

#### *Miscellaneous*

25 An actuary investigating the financial condition of an insurer shall, in addition to the reports, statements and abstracts required to be furnished under section 13 of the Act, furnish statements with regard to the following matters :—

- (a) whether he has taken steps to prevent the policy reserve values from being less than the minimum surrender values,
- (b) the proportion of the renewal premium income spent in payment of commission and other expenses in each year during the period since the last investigation after allowing, as the cost of the new business of the year,  $7\frac{1}{2}$  per cent of single premiums and 90 per cent of first year's premiums falling due in the year after deduction of those unpaid under policies allowed to lapse in the year

26 The declaration referred to in clause (d) of sub-section (2) of section 16 of the Act shall be in Form XI and one copy of the declaration shall be signed in the manner described in sub-section (2) of section 15 of the Act

27. Every insurer, so long as he has policies on the dividing principle remaining in force, shall submit all returns required under the Act or these rules in respect of such business separately from the corresponding returns in respect of other insurance business, and along with the revenue account shall also furnish in respect of such business returns in Forms XII, XIII and XIV respectively. Four copies shall be submitted of each of these three last mentioned returns, of which one of each shall be signed in the manner described in sub-section (2) of section 15 of the Act.





(See Rule 5)

RESERVE BANK OF INDIA

Securities Department.

No.  $\frac{L}{S} \frac{T}{T.}$

Calcutta, . 19 .

Certified that the  
have made the undernoted deposits in terms of the Insurance Act, 1938

**Manager.**

		Approved Securities					
	Cash.						
		Number.	Loan.	Face Value .	Interest or Divid- end paid up to	Market Value.	Remarks.
1	2	3	4	5	6	7	
			</				

Grand Total of columns 2 and 7 Rs. .... ..



(See Rule 10)

**List of deposits under the Insurance Act, 1938, held in the custody of the Reserve Bank of India on the 31st December 19**

[illegible]

**Form V**

(See Rule 16.)

*Application for a licence to act as an Insurance Agent for the year ending 31st March, 19 .*

(1) Full name of the applicant . . . . .	(1)
(2) Father's name . . . . .	(2)
(3) Permanent home address . . . . .	(3)
(4) Present postal address . . . . .	(4)
(5) Age and date of birth . . . . .	(5)
(6) Does the applicant hold a licence and if so since when has he been holding a licence? . . . . .	(6)
(7) What is the number of the licence held, if any? . . . . .	(7)
(8) Has the applicant been found to be of unsound mind by a Court of competent jurisdiction? . . . . .	(8)
(9) Has the applicant been found guilty of criminal misappropriation or criminal breach of trust or cheating by a Court of competent jurisdiction? . . . . .	(9)
(10) In the course of any judicial proceedings relating to any policy of insurance or the winding up of an insurance company or in the course of an investigation of the affairs of an insurer has the applicant been found guilty of or to have knowingly participated in or connived at any fraud, dishonesty or misrepresentation against an insurer or an assured? . . . . .	(10)
(11) Has the applicant's licence been cancelled at any time by the Superintendent of Insurance and if so when? . . . . .	(11)
(12) Has an application for a licence ever been refused? If so, when and by whom? . . . . .	(12)

*Declaration.*

I, the applicant, declare that the above answers are true and that the licence for which I hereby apply will be used only by myself for soliciting or procuring insurance business.

*Signature.*

Date

19 .

*N B*—The attention of the applicant is drawn to section 104 of the Insurance Act, 1938, which provides that whoever in any document required for the purposes of any of the provisions of that Act wilfully makes a statement false in any material particular knowing it to be false shall be punishable with imprisonment for a term which may extend to three years, or with fine which may extend to one thousand rupees, or with both.

**Form VI**

(See Rule 16)

No of Licence .

Licence to act as an Insurance Agent under Part II of the Insurance Act, 1938.

of .

having paid the prescribed fee and having made the necessary declaration is hereby authorised to act as an Insurance Agent up to 31st March, 19

Dated the

day of

19

Officer authorised under sub-section (1) of section 42 of the Act.  
Superintendent of Insurance

Signature of Licence-holder

to be made as soon as licence is received.

NOTE—If it is desired to renew this licence for a further period the procedure laid down in rule 16 of the Insurance Rules, 1939, shall be followed and applications for renewal should reach the issuing authority at least two months before the existing licence expires.

## Form VII

(See Rule 20)

## Revenue Account of the

(here insert name of provident society) for the year ending.....19

	Rs. A. P.		Rs. A. P.
Dividends to shareholders payable on for the year ending		Balance of Funds at the beginning of the year—	
(This is to be stated here by Societies not supplying a Profit and Loss Account).			
Claims under policies (including provision for claims due or intimated)—		Funds, specified separately according to the classes of contingency set forth in section 63.	Rs. A. P.
	Rs. A. P.		
To be specified separately according to the classes of contingency set forth in section 65.		Investment Reserve Fund . . .	
		Dividend Reserve Fund . . .	
Other classes (to be separately specified).		Other Funds (to be separately described)	
Annuities . . . . .			
Surrenders including Surrenders of Bonus . . . . .		Shareholders' capital paid up at the beginning of the year.	
		Shareholders' capital paid up during the year . . .	

Premiums—	
1st year premiums.	Single Renewal premiums.
Rs. A. P.	Rs. A. P.
<p>to be specified separately according to the classes of contingency set forth in section 65.</p> <p>insuring other benefits (to be separately specified)</p>	
Total premiums	

Form VII—*contd.*

Rs. A P.	Rs. A P.	Rs. A P.
Bad debts . . . . . Other payments (accounts to be specified) . . . . . Shareholders' capital paid up at the end of the year as per balance sheet . . . . . [Profit transferred to Profit and Loss Account if a Profit and Loss Account is submitted.] . . . . . Balance of funds at the end of the year as per balance sheet —	Consideration for annuities granted . . . . . Interests, dividends and rents . . . . . Less income-tax . . . . . Entrance fees . . . . . Fines . . . . . Other income (accounts to be specified) . . . . . [ Loss transferred to Profit and Loss Account if a Profit and Loss Account is submitted.] . . . . .	
Funds, specified separately according to the classes of contingency set forth in section 65. Investment Reserve Fund . . . . . Dividend Reserve Fund . . . . . Other funds (to be separately described).		



7 The following information shall be supplied in addition, namely, the gross premium income for each class of contingency for which the net premium income is shown separately in the revenue account (See note 1)

## Form VIII

(See Rule 20)

### Balance Sheet of

as at

day of

19

Rs. A. P.

Rs. A. P.

RS. A. P.

Shareholders' capital (each class to be stated separately)—

Authorized—

shares of Rs. . . each Rs.

**Subscribed—**

shares of Rs. . . each Rs.

Called up—

	shares of Rs.	.	.	. each Rs.
--	---------------	---	---	------------

**Less unpaid calls**

Ra.

### Balances of Funds—

**To be specified separately as shown in the Revenue Account (Form VII).**

Balance of Profit and Loss Account	100	100
------------------------------------	-----	-----

Form VIII—*contd.*

Rs. A. P.	Rs. A. P.	Rs. A. P.
<p>Debiture stock . . . . . per cent. . . . .</p> <p>Loans and advances (a) . . . . .</p> <p>Bills payable (a) . . . . .</p> <p>Estimated liability in respect of outstanding claims (b).</p> <p>To be stated separately in respect of each fund shown in the Revenue Account (Form VII)</p> <p>Annuities due and unpaid (b) . . . . .</p> <p>Outstanding dividends . . . . .</p> <p>Sundry creditors (including outstanding and accruing expenses and taxes) (a).</p> <p>Other sums owing by the society (a) . . . . .</p> <p>Contingent liabilities (to be specified) (c) . . . . .</p>	<p>Investments—<i>contd.</i></p> <p>Indian Municipal Securities . . . . .</p> <p>British and Colonial Securities . . . . .</p> <p>Foreign securities . . . . .</p> <p>Bonds, Debentures, Stocks and other Securities whereon Interest is guaranteed by the Indian Government or a Provincial Government.</p> <p>Bonds, Debentures, Stocks and other Securities whereon Interest is guaranteed by the British or any Colonial Government.</p> <p>Bonds, Debentures, Stock and other Securities whereon Interest is guaranteed by any Foreign Government</p> <p>Debentures of any railway in India . . . . .</p> <p>Debentures of any railway out of India . . . . .</p> <p>Preference or guaranteed shares of any railway in India.</p> <p>Preference or guaranteed shares of any railway out of India</p> <p>Railway Ordinary Stocks (i) in India, (ii) out of India.</p> <p>Other Debentures and Debiture Stock of Companies incorporated (i) in India, (ii) out of India</p>	<p>Rs. A. P.</p>

Rs	A	P.

*Footnotes to Balance Sheet—(Form VIII)*

(a) If the society has deposited security as cover in respect of any of these items the amount and nature of the securities so deposited shall be clearly indicated on the face of the balance sheet

(b) These items are or have been included in the corresponding items in the revenue account or profit and loss account Outstanding and accruing interest, dividend and rents shall be shown after deduction of income tax or the income-tax shall be provided for amongst the liabilities on the other side of the balance sheet

(c) Such items as amount of liability in respect of bills discounted uncalled capital in respect of other investments, etc., shall be shown in their several categories under the heading "contingent liabilities" or the appropriate items on the assets side shall be set out in such detail as will clearly indicate the amount of uncalled capital

(d) Either this item shall be shown net or the commission shall be provided for amongst the liabilities on the other side of the balance sheet

(e) Under this heading shall be included such items as the following which shall be shown under separate headings suitably described —

Office furniture, goodwill, preliminary formation and organisation expenses, development expenditure account, discount on debentures issued, other expenditure carried forward to be written off in future years, adverse balance of profit and loss account, etc. The amounts included in the balance sheet shall not be in excess of cost

*Statement and Certificates relating to the Balance Sheet*

I. There shall be appended to the balance sheet a statement showing separately for every asset which is included in the balance sheet, the full title and particulars of the asset, and the value at which it is included in the above balance sheet, and in the case of assets being stock exchange securities, the nominal value and the market value as at the date of the balance sheet In stating the market value of a stock exchange security no credit shall be taken in the statement for accrued interest

II To the balance sheet shall be appended .—

(a) A certificate signed by the same persons as are required to sign the balance sheet certifying that the values of all the assets have been reviewed as at the date of the balance sheet and that in their belief the assets set forth therein are shown in the aggregate at amounts not exceeding their realisable or market value under each of the several headings "Loans", "Investments", "Agents' Balances", "Outstanding premiums", "Interest, dividends and rents outstanding", "Interest, dividends and rents accruing but not due", "Sunday debtors", "Bills receivable" and the items entered under "other accounts".

Provided that if the persons signing the certificate are unable to certify without reservation that the assets set forth in the balance sheet are so shown as aforesaid, a full explanation shall be given.

(b) A certificate signed by the auditor (which shall be in addition to any other certificate or report he is required by law to give with respect to the balance sheet) certifying that he has verified the cash balances, the loans and investments

## Form IX

(See Rule 20)

Statement under clause (a) (i) of sub-section (2) of section 80 in respect of (here insert name of provident society) for the year ending.....19.....

Contingencies on which sum assured or other benefit is payable * (Classified according to the contingencies separately specified in section 65.)	New policies effected			Existing policies discontinued.				
	Number of policies.	Total full sums insured.	Total premium income received.	By happening of contingency insured against.		Surrenders, forfeitures and lapses.	For other reasons.	Sum insured and Bonus.
				No.	Sum insured and Bonus.			
				No.	Sum insured and Bonus.	No.	Sum insured and Bonus.	
		Rs.	Rs.		Rs.		Rs.	

**Form X**

(See Rule 20)

Statement under clause (b) of sub-section (2) of section 80 in respect of  
 (here insert name of provident society) for the year ending .  
 . . . . . 19..

	No.	Sum insured.
		Rs.
<b>Policies effected—</b>		
By husband or wife . . . . .		
„ son . . . . .		
„ daughter . . . . .		
„ father . . . . .		
„ mother . . . . .		
„ brother . . . . .		
„ sister . . . . .		
„ grandson . . . . .		
„ grand-daughter . . . . .		
„ nephew . . . . .		
„ niece . . . . .		
„ any other person . . . . .		
Total . . . . .		

**Form XI**

(See Rule 26)

It is hereby certified that all amounts received directly or indirectly at credit of the revenue account in respect of business transacted in India referred to in clause (b) of sub-section (2) of section 16 of the Act, whether from the head office of the insurer or from any other source outside India, have been shown in the afore-mentioned revenue account, except such sums as properly appertain to the capital account, and it is further certified that all expenditure, including claims, attributable to business in India, met during the year in question from sources arising outside India, has been shown in the said revenue account except such sums as properly appertain to the capital account.

## Form XII

(See Rule 27)

Submitted by the (here insert name of insurer) for the year ending

19

	Dividing insurance policies insuring money to be paid on death or survival.		Dividing insurance policies insuring money to be paid on marriage.		And so on for each other class of dividing insurance business for which a separate revenue account is submitted.
	No.	*Minimum sum insured guaranteed.	No.	*Minimum sum insured guaranteed.	
1. Policies at beginning of year		Rs.		Rs.	
2. New policies issued					
3. Old policies revived					
4. Old policies changed and increased					
5. Bonus additions allotted					
Total					
<i>Discontinued during year—</i>					
6. By death					
7. By survival or the happening of the contingencies insured against other than death.					
8. By expiry of term under temporary insurances					
9. By surrender of policy					
10. By surrender of bonus					
11. By forfeiture or lapse					
12. By change and decrease					
13. By being not taken up					
Total discontinued					
Total existing at end of year					

\*If there be no minimum amount guaranteed to be paid on the happening of the contingency insured against, the column may remain blank.



**Form XIII**

(See Rule 27)

Submitted by the (here insert name of insurer) for the year ending  
19 .

	Number of dividing insurance policies effected in the year under review insuring sums payable at death or survivorship.		
	Under table No. 1.	Under table No. 2.	And so on for each other table of dividing insurance business insuring sums payable at death or survivorship.
(1) Number of Policies insuring money to be paid on the death of a male life— Effected during the year by— the life insured . . . . . his wife . . . . . „ son . . . . . „ father . . . . . „ daughter . . . . . „ mother . . . . . „ brother . . . . . „ sister . . . . . any person other than the above relations			
(2) Number of Policies insuring money to be paid on the death of a female life— Effected during the year by— the life insured . . . . . her husband . . . . . „ son . . . . . „ daughter . . . . . „ father . . . . . „ mother . . . . . „ brother . . . . . „ sister . . . . . any person other than the above relations			
Total number of Policies effected in the year .			

If the different tables be not distinguished from one another by numbers, as assumed in the above Form, the headings to the Form may be altered accordingly.

**Form XIV**

(See Rule 27)

Submitted by the (here insert name of insurer) for the year ending  
19 .

Age of life on the death of whom the policy monies become payable.	Number of dividing insurance policies effect- ed in the year under review insuring sums payable at death or survivorance.			
	Under table No. 1.	Under table No. 2.	Under table No. 3.	And so on for each other table of dividing insurance business insuring sums payable at death or survivorance.
Under 5 years . . . . .				
Over 5 and under 10 . . . . .				
„ 10 „ 15 . . . . .				
„ 15 „ 20 . . . . .				
„ 20 „ 25 . . . . .				
„ 25 „ 30 . . . . .				
„ 30 „ 35 . . . . .				
„ 35 „ 40 . . . . .				
„ 40 „ 45 . . . . .				
„ 45 „ 50 . . . . .				
„ 50 „ 55 . . . . .				
„ 55 „ 60 . . . . .				
„ 60 „ 65 . . . . .				
„ 65 „ 70 . . . . .				
„ 70 . . . . .				
Total number of policies effected in the year.	(These totals should agree with the totals in Form XIII.)			

If the different tables be not distinguished from one another by numbers, as assumed in the above Form, the headings to the Form may be altered accordingly.

A. H. LLOYD,

Addl. Secy. to the Govt. of India.

## ELECTION OF MEMBERS TO THE STANDING COMMITTEE FOR ROADS.

**The Honourable Sir Andrew Olow** (Member for Railways and Communications): Sir, I move:

"That this Assembly do proceed to the election, in such method as may be approved by the Honourable the President, of two members to serve on the Standing Committee for Roads during the remainder of the financial year 1939-40, in place of the late Mr. Sham Lal and of Sardar Bahadur Captain Dalpat Singh, whose seat on the Legislative Assembly became vacant prior to his re-nomination thereto."

**Mr. President** (The Honourable Sir Abdur Rahim): The question is:

"That this Assembly do proceed to the election, in such method as may be approved by the Honourable the President, of two members to serve on the Standing Committee for Roads during the remainder of the financial year 1939-40, in place of the late Mr. Sham Lal and of Sardar Bahadur Captain Dalpat Singh, whose seat on the Legislative Assembly became vacant prior to his re-nomination thereto."

The motion was adopted.

**Mr. President** (The Honourable Sir Abdur Rahim). I may inform Honourable Members that for the purpose of election of two Members to the Standing Committee for Roads the Notice Office will be open to receive nominations up to 12 noon on Thursday the 8th February, 1940, and that the election, if necessary, will, as usual, take place on Monday, the 12th February, 1940, in the Assistant Secretary's Room in the Council House, New Delhi, between the hours of 10-30 A.M. and 1 P.M. The election will be conducted in accordance with the principle of proportional representation by means of the single transferable vote.

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## THE DRUGS BILL

**Sir Girja Shankar Bajpai** (Secretary, Department of Education, Health and Lands): Sir, I beg to introduce the Bill to regulate the import, manufacture, distribution and sale of drugs.

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## THE OFFENCES ON SHIPS AND AIRCRAFT BILL.

**The Honourable Sir Reginald Maxwell** (Home Member): Sir, I beg to move for leave to introduce a Bill to extend the operation of the criminal law to offences committed on ships or aircraft registered in British India wherever they may be.

**Mr. President** (The Honourable Sir Abdur Rahim): The question is:

"That leave be granted to introduce a Bill to extend the operation of the criminal law to offences committed on ships or aircraft registered in British India wherever they may be."

The motion was adopted.

**The Honourable Sir Reginald Maxwell**: Sir, I introduce the Bill.

## THE INDIAN COINAGE (AMENDMENT) BILL.

**The Honourable Sir Jeremy Raisman** (Finance Member): Sir, I beg to move for leave to introduce a Bill further to amend the Indian Coinage Act, 1906.

**Mr. President** (The Honourable Sir Abdur Rahim). The question is :  
 "That leave be granted to introduce a Bill further to amend the Indian Coinage Act, 1906 "

The motion was adopted.

**The Honourable Sir Jeremy Raisman**: Sir, I introduce the Bill

#### THE RESERVE BANK OF INDIA (AMENDMENT) BILL

**The Honourable Sir Jeremy Raisman** (Finance Member): Sir, I beg to move for leave to introduce a Bill further to amend the Reserve Bank of India Act, 1934.

**Mr. President** (The Honourable Sir Abdur Rahim). The question is :  
 "That leave be granted to introduce a Bill further to amend the Reserve Bank of India Act, 1934 "

The motion was adopted.

**The Honourable Sir Jeremy Raisman**: Sir, I introduce the Bill.

#### THE ROYAL INDIAN NAVY (EXTENSION OF SERVICE) BILL.

**Mr. C. M. G. Ogilvie** (Defence Secretary): Sir, I beg to move for leave to introduce a Bill to provide for the retention in service of certain persons enrolled for service in the Royal Indian Navy

**Mr. President** (The Honourable Sir Abdur Rahim): The question is .  
 "That leave be granted to introduce a Bill to provide for the retention in service of certain persons enrolled for service in the Royal Indian Navy "

The motion was adopted.

**Mr. C. M. G. Ogilvie**: Sir, I introduce the Bill.

#### THE REGISTRATION (EMERGENCY POWERS) BILL.

**The Honourable Sir Muhammad Zafrullah Khan** (Law Member): Sir, I beg to move for leave to introduce a Bill to provide for the registration of certain European British subjects.

**Mr. President** (The Honourable Sir Abdur Rahim): The question is :  
 "That leave be granted to introduce a Bill to provide for the registration of certain European British subjects."

The motion was adopted

**The Honourable Sir Muhammad Zafrullah Khan**: Sir, I introduce the Bill.

#### THE FOREIGNERS BILL.

**The Honourable Sir Reginald Maxwell** (Home Member): Sir, I beg to move for leave to introduce a Bill to provide for the imposition of restrictions on foreigners.

**Mr. President** (The Honourable Sir Abdur Rahim): The question is: "That leave be granted to introduce a Bill to provide for the imposition of restrictions on foreigners."

The motion was adopted.

**The Honourable Sir Reginald Maxwell:** Sir, I introduce the Bill

### THE EXCESS PROFITS TAX BILL.

**The Honourable Sir Jeremy Raisman** (Finance Member): Sir, I beg to introduce the Bill to impose a tax on excess profits arising out of certain businesses

Sir, with your permission, I should like to make a change in the date which appears in the next motion opposite my name, the reasons for which I shall explain in the course of my speech. The date I wish to insert is the 6th March, 1940.

**Honourable Members:** Make the motion first.

**The Honourable Sir Jeremy Raisman:** Sir, I move:

"That the Bill to impose a tax on excess profits arising out of certain businesses ..."

**Mr. M. S. Aney** (Berar: Non-Muhammadian): The motion for introduction has not been put to the House.

**Mr. President** (The Honourable Sir Abdur Rahim): There is no motion for leave to introduce the Bill. The Bill has already been published in the Gazette.

**The Honourable Sir Jeremy Raisman:**

"... be referred to a Select Committee consisting of the Honourable Sir A. Ramaswami Mudaliar, Mr. J. F. Sheehy, Mr. S. P. Chambers, Mr. A. Aikman, Sir H. P. Mody, Seth Haji Sir Abdoola Haroon, Dr. Sir Ziauddin Ahmad, Babu Baijnath Bajoria and the Mover, with instructions to report on or before the 6th March, 1940, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five."

**Maulvi Abdur Rasheed Chaudhury** (Assam: Muhammadian): Sir, I have got an objection to allow this motion to be taken up today. My objection is that it is illegal to allow this motion to be taken up today. The reason is that, under rule 80, page 33, of the Manual of Business and Procedure, before a motion for Select Committee or any other motion is allowed to be moved, it is absolutely necessary that the Bill must be in the hands of the Honourable Members for at least three days before the motion is allowed to be moved.

**Mr. President** (The Honourable Sir Abdur Rahim): When was this Bill circulated?

**Maulvi Abdur Rasheed Chaudhury:** It was only yesterday that the Bill came into my hands. Therefore, under the rules, this motion should not be allowed to be taken up. I know that the President has got power to over-rule this objection. But, Sir, I may bring to the notice of the Honourable the President that the Bill is of such a complicated nature that I hope the President will not allow his prerogative to be used.

**Mr. President** (The Honourable Sir Abdur Rahim): The Chair understands that some time ago copies of the Bill were sent to the addresses of the Honourable Members as known in the Department. Again, the notice of the Bill was circulated yesterday, and whenever any Honourable Member wanted a copy of the Bill, it was supplied to him.

**Maulvi Abdur Rasheed Chaudhury**: The Bill did not come into our hands till yesterday.

**Mr. President** (The Honourable Sir Abdur Rahim): It was published in the Gazette. The Chair rules that the point of order is not valid.

**The Honourable Sir Jeremy Raisman**: There are, broadly speaking, two main types of argument which can be adduced in support of the principle of an excess profits tax. The first of these rests on what may be called the principle of social justice. It is, briefly, that war is a time which brings to the vast majority of people in the countries affected by it great trials and tribulations accompanied usually by rising prices of the necessities of life and by increasing difficulty in obtaining supplies of these necessities. In addition, there are, of course, members of the community who are called upon to face danger and death in warding off the perils of such a time and there are relations and dependants of those actively engaged in the defence of the country to whom the period of war is a time of the most harrowing anxiety. In this general background of strain and distress there are a few more fortunate individuals to whom war brings great opportunities to increase their wealth and to derive abnormal profits from the circumstances which are inevitably attendant upon war. Now, the advocates of the principle of basing taxation of this character upon the conception of social justice call upon the State to intervene in order to rectify to some extent the gross inequalities which result from the hazards of war and to make available for the community as a whole a substantial share of the windfall which has accrued to the more fortunate few. They point out that the principle which underlies all taxation of income is a principle of justice of this kind and that in the case of war profits the principle acquires its highest validity. Now, Sir, whatever moral re-inforcement I might draw for my task today from that principle, I wish to take my main stand upon a narrower and more concrete footing. I shall, in fact, appeal to the second of the main types of argument which are usually adduced in justification of such a tax, namely, that a country which is engaged in war is inevitably involved in additional expenditure mainly on defence and that it is just that in raising the additional revenue necessary to cope with this increased expenditure Government should resort first to the taxation of those increased profits which like the increased expenditure have arisen out of the war. I venture to state, Sir, that this is a principle which no right-thinking man can controvert or even oppose, for, to refrain from the special taxation of such additional profits and to have recourse entirely to general taxation which takes no account of the economic effects of the war but the ability of individuals to bear the extra taxation is not merely to refrain from any attempt at correcting the inequality produced by war conditions but is tantamount to aggravating that inequality. I do not think, Sir, that I need labour this point. It is one which comes home immediately to the heads and hearts of men as soon as they begin to think about the problem. I would even claim that great support for this principle could be drawn from the voiceless consciences of large numbers of those who have recently protested publicly against the imposition of this tax.

Those, Sir, are the broad moral and fiscal grounds on which I rest the justification of the principle of this measure. I would also add something more and that is this. It is admitted that in time of war the prices which should be paid for those supplies which are vital to the conduct of war and to the activities ancillary to the prosecution of the war should be controlled in the general interests of the community in a manner which will ensure that excessive profits do not accrue to individual concerns. While this ideal is admitted on all hands, there are the greatest difficulties in producing such a result. It is a very hard thing indeed to calculate in advance the price which will insure the producers of commodities against loss and will at the same time protect the community from undue exploitation. The machinery for such a method of control may be exceedingly elaborate and yet it may fail to achieve its purpose. Must we then be entirely dependent on our ability to calculate in advance the exact rates which are just for contracts extending far into the future? Is it reasonable that we should look at the results of these transactions and if we find that those results represent a standard of profit far higher than the normal standard which has been earned in previous years, is it not reasonable, I ask, that when this is so, the State should claim its share of the surplus?

I said a few moments ago that the main ground on which I rested my case was the additional expenditure resulting from the war and the necessity for additional revenue to meet that expenditure. That being so, Sir, I am conscious that the House will be entitled to know before it is asked to enact this measure what the financial position of Government will be in the coming year. I am, of course, not in a position to anticipate my Budget speech, but I am prepared to accept the position that not only the House but the Select Committee, before it makes its report, should be in a position to see the financial picture. It is for that reason that I am moving that the date by which the Select Committee shall report should be the 6th of March, which is six days later than the day on which I shall have made my Budget speech and presented the information to the House. I hope that this modification of the original motion will go far to meet the objections of those who, while they accept the principle of an excess profits tax at the present time, nevertheless feel that they should be in a position to judge the actual financial necessity of such a measure at this stage.

It is perhaps suitable that I should deal at this point with the frequently expressed criticism that this measure is premature. If what is meant is that the measure has been introduced before the Budget speech, then I trust that what I have just said is sufficient to meet that criticism. The reason why this motion has had to be put down on the first day of the Session is that the nature of the measure is such that it was necessary to allow adequate time for the clauses to be fully dealt with in the Select Committee stage. The programme of this Legislative Session is so full and the holidays which intervene are so numerous that unless the first fortnight of the Session were available for the work of the Select Committee it would be exceedingly difficult to make the necessary progress with the measure. Moreover, although I rest my case on the necessity for raising additional revenue at once, it is clear that a tax of this nature cannot, in fairness both to Government and to the assessee, be related strictly to the finance and budget of a single year.

But there are some critics who, while not opposing the principle of an excess profits tax, declare that it is being brought forward too early in the present emergency and they point out that in the last war the tax was imposed after the end of the war. If these critics will refer to the debates

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which took place at that time they will see that one of the main grounds of objection to the measure was that it had come too late, that the profits had already been made and to a large extent appropriated or dissipated before the taxpayer was able to realise that he would have to pay a large sum to Government. The objectors then said, "The war is over and surely the time for war levies and taxes has gone?" That reminds me of King Agag in the Biblical story who, when summoned to his last account, came walking delicately and said, "Surely the bitterness of death is past!" But the taxpayers of 1919 like King Agag had misjudged the situation and had to take the bitter remedy for a state of affairs which they had begun to dismiss as past history. If now, I would ask, it is too early to impose this tax when the war has been in progress for six months, and if it is too late to impose the tax when the war is finished, when, I ask, is the time when a tax, the justice of which is so widely admitted, should be imposed?

**Mr. M. S. Aney:** When the war is really being fought.

**The Honourable Sir Jeremy Raisman:** And do the critics seriously suggest that throughout the period of the war or any considerable part of it this measure of admitted justice and necessity should be kept hanging like a Sword of Damocles over the neck of commerce and industry? Would that uncertainty really be more welcome to them and more conducive to confident and prosperous trading? I submit, Sir, that once the justice and desirability of a measure of this kind is accepted by the country it is infinitely better that it should be enforced at the earliest practicable stage and should enter as a definitely known item into the plans of those who wish to invest their money in trade and industrial enterprises.

I shall now deal briefly with a few of the main features of the Bill. In the first place I would point out that by fixing a minimum of Rs. 20,000 for the definition of "standard profits" the Bill entirely excludes from its scope a vast number of small businesses. I believe that the effect of this exemption is to reduce the total number of assessees to something less than five thousand. I hope that this will dispose at once of any suggestion that this is a tax on the poor or even on the relatively poor, for one at least of the numerous telegraphic protests I have received has accused me of penalising the dumb millions by this Bill. As regards the definition of "standard profits", this has, in the case of businesses which were in existence before the 1st April, 1936, been related to the profits of certain years of which the assessee will have the option of choosing the one which suits him best. Thus, supposing that his accounts are kept by the calendar year he has the option of 1935 or 1936 or the average of 1936 and 1937 or the average of 1935 and 1937. When the assessee has chosen the standard period which suits him best, the excess profits will be determined by ascertaining the amount by which the profits of the year under assessment exceeded the profits of the standard year. Thus, to take a simple case, if the profits of the standard year ending 31st March, 1940, are 12 lakhs and the highest profit made in any of the standard periods which the taxpayer can choose is 10 lakhs, excess profits tax will be payable on the excess of 2 lakhs, so that the Government would take away in excess profits tax exactly one lakh in this case. There has been so much misrepresentation of the nature of this tax that I think it necessary to emphasise that what will be taken by the Government in a case like this is half the difference between 10 lakhs and the 12 lakhs and not, as some people appear to have imagined, half of the 12 lakhs.



There is a further point about the amount of tax payable. Income-tax and super-tax will be payable only on the net profits remaining after the deduction of the excess profits tax. Thus, in the example I have just given, income-tax will be payable on 11 lakhs instead of upon 12 lakhs, and if we take into account the reduction in the income-tax payable, the net extra tax payable under the Bill is less than 1 lakh: it would be about Rs. 80,000, which of course is considerably less than 50 per cent. of the extra profits. The example I have just given is of course an unduly simple type of case. If in that example the capital had been increased by 40 per cent since the standard period, then the 12 lakhs profit would represent a smaller return on the capital employed in 1939-40 than the return which the 10 lakhs represented on the capital employed in the standard period: so that it may be said that the concern as a whole is not really doing better than during the standard period because the extra profits are merely a fair return on the extra capital. The Bill, therefore, provides for an adjustment, whenever the capital in the business is increased or decreased, and the taxpayer is allowed to add to the profits in the standard period a fixed percentage on the additional capital employed since the standard period. That percentage is, broadly speaking, 8 per cent for companies and 10 per cent. for individuals. But for decreases in capital a flat 6 per cent. is to be used. Now, it may happen that the profits made during each of the possible standard periods were abnormally low. In such cases the Bill provides for a Board of Referees to which the assessee can make an application, and if the Board is satisfied that during the standard period the profits of the business were less than might have reasonably been expected, it can fix the standard profit higher than that which was actually made in the standard period. It will be noted that more than half of the members of the Board of Referees must be non-officials of business experience.

For businesses which started after the 31st March, 1936, the standard profit fixed by the Bill is a statutory percentage on capital amounting to 8 per cent. in the case of companies and 10 per cent. in the case of individuals. It may be asked why a distinction is made between new and old businesses. In the first place, for very recent businesses there could of course be no standard period at all. But even for the others, the profit made in the first year or so would clearly be an unsatisfactory basis for determining excess profits from 1939-40 onwards. On the other hand in the case of old businesses it would be a matter of the utmost difficulty to work out percentages of capital. In such cases the percentage on the original capital invested in the business a long time ago is not such a suitable basis for determining excess profits as the actual profits made in one or other of the years which can be adopted as the standard period.

I turn now to a very important feature of the Bill which is embodied in clause (7). The effect of this clause is that if the profits in any period after the first April, 1939, called a "chargeable accounting period" are less than the standard profits, then that deficiency can be set against the profits of any other chargeable accounting period. This may involve a refund of excess profits tax already paid or the carrying forward of the deficiency to be set against the profits of a subsequent period. In this way the Bill seeks to tax only the net excess profits made during the whole period for which the tax will be in force.

There are various other features of the Bill with the details of which I do not think I should weary the House at this stage. They are intended to

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deal equitably with the complexities of individual circumstances. In particular clause (8) deals with cases of successions and amalgamations and the object is to ensure that we are comparing like with like and not comparing the profits of one business with the profits of two businesses or the profits of part of a business with the profits of a whole business.

Now, one of the main objections that has been raised against this measure is that it will interfere with the normal process of accumulation of capital and will thus place a severe check on industrial development. I will not endeavour to anticipate the arguments of Honourable Members on this point; but I feel that I must point out that what will be available for capital accumulation and reinvestment in industry will be an amount of profits equal to the highest profits in any of the standard periods plus in addition half of the abnormal profits earned during the war period. I find it difficult to be deeply impressed with the arguments of those who represent that the sum remaining for investment in business is likely to be utterly inadequate for industrial expansion.

In conclusion, Sir, I wish to say that in asking the House to accept this motion and to refer the Bill to a Select Committee, I am fully conscious that some of the details of the measure may be found to be imperfect or perhaps inappropriate to the conditions of India. I am ready and indeed anxious to give full consideration to all points of view in the Select Committee stage, and I have no doubt that much useful work will be done by the Committee to ensure that this Bill will be a suitable instrument for the important purpose which it is intended to serve and at the same time to lessen any inequalities and hardships which it might otherwise cause to individuals and concerns. In giving this assurance to the House I would ask in return for a generous measure of support to the principle embodied in the Bill. Sir, I move.

**Mr. President** (The Honourable Sir Abdur Rahim) Motion moved

"That the Bill to impose a tax on excess profits arising out of certain businesses be referred to a Select Committee consisting of the Honourable Diwan Bahadur Sir A Ramaswami Mudaliar, Mr. J F Sheehy, Mr S P Chambers, Mr A Aikman, Sir H P Mody, Seth Haji Sir Abdoola Haroon, Dr Sir Ziauddin Ahmad, Babu Baijnath Bajoria and the Mover, with instructions to report on or before the 6th March, 1940, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five."

**Dr. P. N. Banerjee** (Calcutta Suburbs: Non-Muhammadian Urban)  
Sir, I beg to move:

"That the Bill be circulated for the purpose of eliciting opinion thereon before the 15th March, 1940."

**Mr. President** (The Honourable Sir Abdur Rahim) Amendment moved.

"That the Bill be circulated for the purpose of eliciting opinion thereon before the 15th March, 1940."

The next amendment is in the name of Maulvi Abdur Rasheed Chaudhury. But he does not mention the date by which opinion is to be elicited.

**Maulvi Abdur Rasheed Chaudhury:** My Honourable friend, Dr P N. Banerjee, has moved his amendment giving 15th March as the date by which opinion is to be elicited. I do not want to move my amendment. I shall speak on his amendment later on.

**The President** (The Honourable Sir Abdur Rahim): The next amendment is in the name of Babu Baijnath Bajoria. The Chair does not find him in his seat. Moreover, the date "10th March", which he wants to substitute, has already been agreed to by Government.

The original motion as well as the amendment of Dr. Banerjea will now be open for debate.

**Dr. P. N. Banerjea:** Sir, it is the practice in every democratic country to place before the Legislature all proposals for expenditure first, and then, subsequently, to ask for resources to meet those items of expenditure. This procedure is followed in the British House of Commons where the different departments make their proposals and the Ministers in charge of them place them before the committee when the House of Commons goes into the Committee of Supply. When the items of expenditure have been voted upon, then the House of Commons goes into the Committee of Ways and Means. This is the procedure which is followed in every country, including India.

Now, a different procedure is sought to be introduced in connection with this Bill. What is the ground on which this procedure is sought to be justified? It is this. In the Statement of Objects and Reasons it is mentioned that "the outbreak of war, while it has necessitated greatly increased expenditure by the Government on defence and other services, has simultaneously created opportunities for the earning by companies and persons engaged in business of abnormally large profits". Sir, the words in the Statement of Objects and Reasons are extremely vague and indefinite. "Necessitated greatly increased expenditure"—what do these words signify? No estimates have been placed before us. The Honourable the Finance Member has not attempted to show under what heads or sub-heads defence expenditure has increased or is likely to increase; nor has he given us any indication as to the heads or sub-heads under which other kinds of expenditure are increasing or are likely to increase in future. Therefore, I must say that it is an unusual procedure for the Government to adopt. The slight amendment which the Honourable the Finance Member has just now made in his motion does not go far enough. He says in effect, "We shall place proposals of the budget before you on 29th February and a week later the report of the Select Committee will be placed before the Legislature"; but in the meantime he asks us to give our assent to the principles underlying this Bill. This is not at all satisfactory. We do not know what is the amount to be spent, we do not know what the present resources of the Government are; and to ask us to give our assent to the proposals contained in this Bill without knowing the commitments, without knowing the necessary expenditure, and without even knowing the amount which will be derived from this new source of revenue is extremely unsatisfactory.

The Honourable the Finance Member referred to the Excess Profits Duty Bill of 1919. At that time Sir James Meston was the Finance Member. He placed very definite and concrete proposals before the Legislature. He pointed out in his speech that India had contributed in the first instance a sum of one hundred million pounds for the prosecution of the war and that in the second instance India had promised to pay a further sum of £45 millions for the same purpose. In order to meet the expenditure for the year 1919 under the second gift he estimated a sum of £6 millions would be required. His estimate was that the Excess

[Dr. P. N. Banerjea]

Profits Duty Bill which he introduced at the time would bring in that amount of revenue. So there was no indefiniteness in his proposal, whereas the proposal of the Honourable Sir Jeremy Raisman is extremely indefinite.

Sir, this brings me to the purpose of the proposed imposition. What has the Honourable the Finance Member in his mind? In what way is India going to assist in the prosecution of the war? Is it his intention to find resources first and then come to the House and ask the House to vote a contribution, similar to the contributions which were made in 1917 and 1918? I pause for a reply. No reply is forthcoming. Then, may I take it that it is the intention of the Government to make a contribution for the war?

**The Honourable Sir Jeremy Raisman:** Will the Honourable Member kindly repeat his question?

**Dr. P. N. Banerjea:** During the last European War, India was asked to contribute in the first instance one hundred million pounds, and then, in the second instance, another £45 millions. Are you going to ask us to make a similar contribution on the present occasion?

**The Honourable Sir Jeremy Raisman:** No, Sir.

**Dr. P. N. Banerjea:** The reply is 'No',—no contribution is to be made by India.

The next question is, what is this demand for, then? Why do you put before us a measure of taxation by which you want to raise money?

**The Honourable Sir Jeremy Raisman:** To meet the expenditure of India.

**Dr. P. N. Banerjea:** Is it then contended that the ordinary revenues of India are unequal to the ordinary expenditure of the country? Or is it necessary to increase the defence force for which you require more money? Are you going to increase the Indian or the European portion of the army? Or are you going to pay greater emoluments to the army? All these points have to be made clear before we can be expected to give our consent to the increase in expenditure. In what way are you going to increase the military expenditure? Civil expenditure is also to be increased. But it will have to be made clear in what different ways this expenditure is going to be increased before we are asked to place in your hands additional resources. Sir, as no reply is available, I will pass on to the next point in the Objects and Reasons. It is mentioned here—"further, the object of the Bill is to secure for the Government a considerable portion of the additional business profits which accrue as a result of the conditions prevailing during the war". The Honourable the Finance Member says that the war has given us opportunities for making abnormal profits and a portion of these abnormal profits should go towards the prosecution of the war. But in what way are we prosecuting the war? You refer to the war, but you do not say in what way the war affects us.

Again, in his introductory speech, the Honourable the Finance Member said that it was a measure of social justice . . . .

**Mr. N. M. Joshi** (Nominated Non-Official): Once in a lifetime.

**Dr. P. N. Banerjee:** I am very glad that at least once in his lifetime he thought of social justice. Sir, I am one of those who think that the industrialist should not make abnormal profits. The profits of industry should not be too high. It is the bane of capitalism that the profits of industry are very high; and if my friends from Bombay, Sir Homi Modj and Sir Cowasji Jehangir, had remained satisfied with normal profits, then the outcry against capitalism would not have been so great as it is now. Therefore, Sir, I hold the opinion very strongly that excessive profits should be curtailed; but when the excessive profits are curtailed, to whom should the excess over the normal profits go? This excess over the normal profits should go in the first place to the consumer who pays the price for the articles which are manufactured by industry, and in the second place to the labourer who helps to create those profits . . . .

**Mr. N. M. Joshi:** Wages should be increased.

**Dr. P. N. Banerjee:** Certainly. But our Finance Member thinks that this excess should go to the Government. Why should it go to the Government? How do the Government wish to spend this excess amount which they get? If the Government in this country were a responsible Government, I would not have had any hesitation in entrusting the excess revenue to the executive. But there is no real responsible Government in this country; there is no popular control in the central sphere as yet. Therefore, we are not willing to entrust this additional revenue to the Government. We do not know how the Government are going to spend this amount. Mere mention of social justice will not do. Have the Government any scheme on hand by which they want to make a better distribution of the wealth of the country as between the rich and the poor?

**Mr. F. E. James** (Madras: European): This Bill.

**Dr. P. N. Banerjee:** The Bill will take from the rich and will put the money into the hands of the Government,—not of the poor. If there were any proposal to that effect, I would have strongly supported this measure. As a matter of fact, Sir, it is the apprehension of everybody that when Government have in their hands moneys which are not required for ordinary purposes, they will spend them in expenditure which will amount to waste. There is a rumour that in some Departments of the Government salaries and emoluments are going to be increased on account of the war. I do not know whether there is any justification for this rumour . . . .

**Mr. M. S. Aney:** Government servants also make a profit out of that.

**Dr. P. N. Banerjee:** They come first. So far as social justice is concerned, I am strongly of opinion that we should all accept this principle and we should ask the Government to give effect to it. But a mere vague allusion to this principle will not serve our purpose.

Sir, it is mentioned here that this Bill follows closely the Excess Profits Bill imposed in the United Kingdom by the Finance Act of 1939,

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but we should remember the differences in the circumstances of the two countries. In the first place, in the United Kingdom both the revenue and the expenditure of the Government are under popular control. Here, in India, at least at the Centre, neither the expenditure nor the revenue is under popular control. Therefore, we should hesitate, not once but twice or thrice, before we give power to the executive. Secondly, in the United Kingdom industry has made great progress, whereas in India we are on the eve of industrial development. We have just begun our career of industrialisation. In the third place, I should point out that the courses of the late depression and recovery have not been the same in India as in the United Kingdom. The depression affected India to a much greater extent than it did the United Kingdom; the recovery took a longer time to commence, and the course of the recovery has been very slow in this country. Lastly, coming to profits, I must say that there is a great deal of difference in the indices of profits between India and the United Kingdom. We must bear in mind all these things before we imitate the provisions of the United Kingdom Excess Profits Duty Act.

The most important point is that a case should be made out first for further expenditure. If it is proved that additional taxation is essential, then we should consider what is the best way to meet that additional expenditure,—whether we should meet this additional war expenditure by additional taxation or by loan or by both measures. In my own opinion, war taxation is better than a war loan, because taxation does not impose a burden on posterity as a loan does. But if the expenditure is very heavy, then it is necessary to combine a loan with a tax for meeting the additional expenditure. When additional taxation is found inevitable, then will come the time to consider what form this additional taxation should take. I confess at once that an Excess Profits Duty is one of the eligible sources of revenue in war time, and this resource has been tapped in most of the advanced countries in times of war. But there are also alternative sources, there are also other forms of taxation. In any case, we should adopt a certain number of principles in order that we may be guided as to the particular form of taxation best suited to the needs of the country. In the first place, I should lay down that the taxation should be such as would fall on shoulders which are well able to bear the burden of it. In the second place, I should say that industrial development of the country should not be hampered. Keeping in view these two important principles, if we find that the Excess Profits Duty Bill is a measure which is consistent with these principles, I will not object to that Bill. But just at the present moment we are unable to commit ourselves to the provisions of this Bill.

Sir, there is another aspect of the question which I may call the constitutional aspect. A few days ago, the Government of India Act was amended by Parliament. Did Parliament take up this amendment on its own initiative, or did the Government of India approach Parliament for the purpose? There is an important point involved in this question. The Legislatures in India have been given certain powers by the Government of India Act, 1935. These powers are restricted and limited in their scope, and we are not satisfied with the provisions of the Act; but it seems to me that even these limited powers have been invaded by Parliament in regard to the amendment which has recently been made in the Government of India Act. This is my view, but I am supported in

this regard by the views of eminent parliamentarians. Mr. Sorensen, for instance, said in the House of Commons:

"In clause 2 there was a significant suggestion regarding the present powers enjoyed by Legislatures in India. We certainly were not increasing the powers granted to India. We were actually decreasing them."

I hope there cannot be any doubt in the mind of any Member of this House that when Parliament takes upon itself to legislate on this question, it is taking away the powers which were granted to the Indian Legislatures by the Government of India Act, 1935. Was it wise on the part of Parliament to have done so? Mr. Wedgwood Benn—he, at least is a responsible person, he was a Secretary of State for India—said:

"It clearly shows the extremely weak position in which we stand here, attempting to govern India without a proper and responsible Assembly in India to do the work themselves."

**Mr. President** (The Honourable Sir Abdur Rahim): This question does not come within the purview of this Bill. The Honourable Member had better confine himself to the motion before the House.

**Dr. P. N. Banerjea**: Sir, I bow to your decision, but it is relevant in this way. This Bill has been brought forward under the amendment to the Government of India Act, 1935, which was made by Parliament.

**Mr. President** (The Honourable Sir Abdur Rahim): That does not make it relevant at all.

**Dr. P. N. Banerjea**: There is another important point involved in this. Here is an infringement of the rights of the provinces. If this Bill had not been brought forward before us under the amended Act, the revenue derived from the Excess Profits Duty would have gone partly to the provinces and would have come only partly to the Centre. That has an important bearing on the financial resources of the country. I wish to ask, did the Government of India approach the Home Authorities with the request that the Government of India Act should be amended, or did the Parliament amend it of its own motion?

**Mr. President** (The Honourable Sir Abdur Rahim): We have got the Act as amended and the Honourable Member cannot discuss the merits of that now.

**Dr. P. N. Banerjea**: We are entitled to express our resentment at this amendment, and we are entitled to censure the Government of India if the Government of India . . .

**Mr. President** (The Honourable Sir Abdur Rahim): Not on this motion.

**Dr. P. N. Banerjea**: I will not pursue the point; but I must mention the fact that this Excess Profits Duty Bill is an encroachment on the financial powers and resources of the provinces.

It seems that there is a desire on the part of the Government to proceed with this measure with undue haste and they wish to take advantage of the absence of the Congress Party from the Assembly. I do not agree with the Members of the Congress Assembly Party in the view which they

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have taken with regard to their absence from this Assembly. I do not agree with them in the view that mere association amounts to co-operation. We are here mainly to oppose the Government.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member need not discuss that. It has nothing to do with the motion really.

**Dr. P. N. Banerjee:** But the fact remains that 45 Members of this Assembly are absent from this House and in the absence of such a large number of Members it is not desirable that such an important Bill which affects the country in many vital respects should be proceeded with. It is quite possible that the Congress Members will join us later on and for that purpose some time should be given before the principles of this Bill are finally accepted.

**An Honourable Member:** Wait for them?

**Dr. P. N. Banerjee:** No, there are other considerations, but this is one consideration.

**An Honourable Member:** Can you tell us when they are coming back?

**Dr. P. N. Banerjee:** I cannot, but I have urged other important grounds on which the consideration of the Bill should be deferred and this is only an additional ground

I will not discuss the merits of this Bill. But I must make it clear that when the Finance Member refers to the profits of industry, he should bear in mind the fact that in India capital is still shy. Until recent years, capital was very shy in India, during the last quarter of a century capital had been overcoming its shyness and, but for the late depression, it would have overcome this shyness even to a greater extent. But since the depression, there has been again a reluctance on the part of the owners of capital to invest it in industry, therefore, when we speak of normal profits we should not use that term in the same sense as the term is used in England. There, capital is not at all shy. In that country industrialisation has proceeded very far, and people are anxious to invest. In India we have to draw out capital and in order that capital may be invested in industry, industrialists will have to be paid somewhat larger profits than would be regarded as normal in other countries. I have already said that I hate profiteering. I do not think that abnormal profits should be enjoyed by industrialists in this country. But in computing abnormal profits we should be very careful and we should not imitate the example of other countries. There is a further point with regard to standard profits. Which of the particular years should we take as the standard year? Besides, should we not consider also the losses during the late depression which many of the industries incurred? Should not these losses be taken into account?

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member is trying to discuss in detail the provisions of the Bill.



**Dr. P. N. Banerjee:** No, Sir. I am only referring to some general principles. Unless we are very careful in regard to these essential points we may be led astray by the reference to the conditions which prevail in other countries. That is my submission. I will not enter into the merits of the question.

At the present moment I am unable to accede to the principles of this Bill. I will not commit myself to the principles of this Bill because at the present moment we have no data before us by which to judge the provisions of this Bill. I, therefore, oppose the reference of this Bill to the Select Committee and I propose that some time should be allowed to lapse during which all the different points will be made clear, so that we may be able to discuss this Bill in a proper atmosphere.

**Mr. A. Aikman** (Bengal. European): Mr. President, may I in the first instance congratulate the Finance Member not only upon his speech but upon the very practical attitude which he has adopted right at the beginning in meeting his critics. Well, Sir, the Bill that is before the House is one that ranks in importance with the Income-tax Bill which this House passed just a year ago. Income-tax is not a simple problem and the proposal to levy an excess profits tax is not a simple one either, though it appears to be merely the taking of a stated amount of revenue from the pockets of certain groups or classes. It goes far beyond that. The Honourable the Finance Member has told this House that he needs more money, and we gather he considers that a tax of this kind is the fairest in the circumstances.

As is well known, the Bill has been widely criticised because, as is alleged, the imposition of this tax will inevitably act as a deterrent to new enterprise. It has also been criticised on other grounds that I shall come to in a moment, but before I deal with some of the more important details of the Bill and the criticism that has been expressed of these details, I propose very briefly to examine its main principle.

Broadly speaking, that main principle is, as contained in the Statement of Objects and Reasons, the appropriation by Government of a large share in the additional profits of commerce and industry which accrue as a result of war conditions. In so far as the tax seeks to provide additional funds required for the purposes of the Government in the prosecution of the war, no one can reasonably complain. To quote from a supplement to *Indian Finance* which appeared on the 1st February, "It cannot be gainsaid that the abnormal expenditure caused by the war should be met primarily by the abnormal profits which the war makes possible." In common with every country in the world, India cannot afford to ignore the life and death struggle which is being waged in Europe today. In almost every country in the world, both belligerent and neutral, increased expenditure on defence is inevitable. Those of us who have endeavoured to appraise the financial prospects of the coming year cannot but recognise that more money will be required by Government. At the same time I should be failing in my duty to my constituents if I did not express the view which I know many Honourable Members feel, *viz.*, that before a final expression of opinion is given by this House on the very important taxation proposals now before us, we should have an opportunity to see as far as possible a complete picture of the financial year that lies ahead. That picture can be presented only by the Finance Member in his budget.

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speech and I am, therefore, grateful to him for the undertaking that he has just given that he will not now ask the Select Committee to report by the 15th February; that instead he will extend the time to a date in March and that he will not expect the Select Committee to express an opinion on the clause relating to the rate of tax—and on certain clauses that must inevitably be bound up with it—until this House has had an opportunity of seeing the financial picture of the country as a whole. What the Honourable Member has said on this point will enable many of us to approach this debate with much less misgiving.

Sir, after a careful consideration of the views of their constituents, or the Members of the Group for whom I speak have come to the conclusion that they are not opposed to the principle of taxing excess profits arising from war conditions, but they are not prepared to agree to support any particular rate at which such a tax should be levied until the whole budgetary position is before them. Nevertheless, in view of the assurances expressed by the Finance Member, we, in this Group, are prepared to support the motion before the House, viz, that this Bill be committed to a Select Committee that will report by the 6th of March, that is to say, they are agreeable that a Select Committee should proceed with the consideration of the machinery necessary for the levy and collection of the tax. This in itself is a complicated technical problem and it should not be delayed if the implications of the various clauses are to be fully appreciated and adjustment agreed to meet the difficulties and anomalies which it is already known arise in the application of the provisions of the Bill to different businesses. Now, Sir, at this stage though I wish to deal only with the principles of the Bill, I should say that in Select Committee our representatives would desire to move certain amendments dealing with what I have called the machinery of the Bill so that this may be made as convenient as possible not only to the officers of Government who have to collect the tax but to the assesseees who will have to pay.

A point I would like to make related to the rate of tax that is sought to be imposed. In the view of many people, this rate is very high and before expressing our views upon it, my Group will require to be satisfied not merely that so much money is required to balance the budget of 1940-41, but also that in the matter of control of expenditure and more especially the control of war-time expenditure, the Government are taking every precaution to ensure that there is a minimum of waste. Tax-payers, in fact, want to be satisfied that, in these times when they are called upon to make large sacrifices, the strictest economy is being observed and that they are getting full value for their money.

But, Sir, having said that we are agreeable to the committal of this Bill to a Select Committee, it is necessary for me to make it clear to this House the views of my Group on a number of important points in the Bill itself.

In the first place, there seems to be no provision for any annual review of this tax such as there is in the case of other taxes, e.g., the income-tax and the salt tax. To us it appears important that some provision should be made whereby this tax comes up for re-consideration. It may be that my Honourable friend has in mind that the Bill should be enacted for a special period, say up to the end of the first or second financial year after hostilities shall have ceased, but we feel that there should be given to this House some opportunity for a further review of this important

measure and the effect it produces either at the close of the next financial year or at the end of some other period yet to be determined. I feel sure that the Honourable the Finance Member's views on this matter will be welcomed not only in this House but throughout the country.

The second point to which I refer is the rate of statutory percentage and "standard profit". This appears to be the same as selected in the United Kingdom, but with due respect to the views of my Honourable friend, the Finance Member, I would suggest that conditions in the two countries are by no means parallel and in many respects are so different as to justify a higher rate of dividend than 6 per cent. on ordinary share capital. Many preference shares in Indian companies with first class security behind them are entitled to 6, 7, and even 8 per cent., and though it is perfectly true that today many of these shares stand well above par, that is not to say that these rates are unreasonable. Consequently, it must be held that a higher rate should be allowed in the case of ordinary share capital which, from its very nature, bears a greater risk.

Then, Sir, closely allied to this question is that of the standard period. The years chosen appear to us to have been based rather on conditions obtaining in the United Kingdom than to the conditions obtaining in this country. It seems to us important to remember that there were factors at work in the United Kingdom, such as the rearmament programme, that had already been undertaken some years before the war—that were in no way operative in India. In our view great hardship and much injustice will result if the standard period as determined under clause 6 of the Bill remains in its present form. It, for example, it can be shown that by reason of prolonged strikes or owing to prolonged unfavourable trade conditions in any particular industry that some better alternative is desirable and possible, then provision should be made for this purpose.

Then, Sir, there is the question of depreciation. The Honourable the Finance Member will not have forgotten that the whole question **1 P.M.** of depreciation rates in industry is at present under review as a result of the Income-tax Amendment Act of last year. To avoid hardship it is, therefore, most important that in arriving at assessment for excess profits care should be taken to see that as a result of the change-over from one basis of depreciation to another, the assessee is not penalised.

In conclusion, Sir, may I again emphasise how important it is in legislation of this kind to remember that its efforts may be not merely the creation of burdens that are by no means equal in their incidence but the setting in motion of forces that may react upon industry and upon the trade of this country in a way that no man can foresee. It is evident, therefore, that not only is it desirable that every clause of this Bill should receive the most careful and weighty consideration and that its full significance and implication shall be appreciated by Honourable Members, that proper place for such consideration is in the first instance in Select Committee, and therefore, Sir, I commend to the support of the House the motion for Select Committee and oppose the motion for circulation.

**Sir H. P. Mody** (Bombay Millowners' Association: Indian Commerce): Sir, my Honourable friend, the Finance Member, in urging the House to take into consideration his motion, pleaded for the recognition of the principle of social justice. I noticed then, as I notice now, my Honourable

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friend, Mr. Joshi, warmly applauding that sentiment. Mr. Joshi's idea of social justice is to put his hand in everybody else's pocket, and I am not concerned really with his reactions to the Bill. I am content with pointing out that those who have criticised this measure most definitely do not set their face against the recognition of social justice in the relations of men. What we do say, however, is that Indian industries had just started recovering from a long period of depression, and that before they had time to consolidate their position, the Honourable the Finance Member has thought it necessary to put up a Bill which has the effect of very seriously crippling their earning power and their ability to consolidate their position. My Honourable friend stated as one of the reasons why he brought up this Bill at the present stage that he did not want the Sword of Damocles hanging over the heads of industrialists and businessmen. The sentiment does credit to my Honourable friend, but his way of preventing the Sword of Damocles hanging over the heads of businessmen appears to be to chop off the heads at once, so that there may be no suspense left.

Now, Sir, in placing this Bill before us, the Honourable Member, though probably he may not like to admit it, has been moved principally by the consideration that such a measure has been found necessary in the United Kingdom. Well, the conditions are vastly different. Though I am not prepared to say that this country can be an idle spectator of the conflict that is raging, it has to be admitted that it cannot possibly affect this country in the same way as it can Great Britain. But, Sir, apart from that, I would like to point out to my Honourable friend that economic conditions in the two countries are very different. Taking the figures given in a recent issue of the *Economist*, while the index figure of business activity in 1935 was 100, it was 114 in 1936, 129 in 1937, and 120 in 1938. Taking the same years, so far as this country is concerned, and taking 100 to be the index number for 1928, the figure was 69 in 1935, 63 in 1936, 60 in 1937, and 70 in 1938. In other words, it was a period of recession in India, whereas, in the United Kingdom, it was an era of rising profits. But there is another and even more important consideration which ought to be borne in mind by Government in deciding upon what is fit and applicable to this country. All these years in India business has contributed to the coffers of Governments not merely out of its profits but also out of its capital. For many years the principle of carry-forward of business losses has been recognised in the United Kingdom, it has only received recognition in this country in the last Income-tax Act. The result has been that, to give an example, if a concern has made 2 lakhs of loss in one year and one lakh of profit in the subsequent year, on the average of the two years it has actually made a loss of one lakh, and yet it has paid income-tax on one lakh of rupees. Now, I say that that constitutes a material distinction. It is tantamount to Indian business contributing year after year not merely out of its profits but also out of its capital.

Now, Sir, one of our principal difficulties is that the budgetary position is not known to us. My Honourable friend, the Leader of the European Group, regarded with satisfaction the declaration of the Finance Member that he was not going to ask the Select Committee to decide upon the percentage of excess profits which would be taxed until it had had an opportunity of knowing what the needs of the Government were. So far so good and I certainly feel that to that extent the Finance Member has made

a concession. But even then we shall have to decide upon a great many matters of importance before the stage is reached at which we know the financial position of the Government of India. A bachelor has been described as one who looks before he leaps, and then does not leap. We are asked to leap even before we have had an opportunity of looking

**An Honourable Member:** You are not a bachelor

**Sir H. P. Mody:** Unfortunately I ceased to be that a long time ago!

**Dr. P. N. Banerjee:** Why unfortunately?

**Sir H. P. Mody:** That I will explain to you afterwards!

Sir, there are a great many points, and if you will give me a little extension of time before lunch, I shall be able to finish my speech

In the Select Committee, it will be necessary to place before Government the position of certain industries like life assurance, investment companies, motion pictures, to whom it would be inequitable to apply this measure for various reasons. Before passing on to other matters, I would say that taking industries all round, the position is being made still worse *vis-a-vis* conditions in the Indian States. Advanced labour legislation has already tended to drive industries to the Indian States, and if additional burdens continue to be placed upon industries in British India, then it is natural to assume that the drift towards Indian States will become more and more pronounced.

Sir, the assumption underlying the Bill is that there are excess profits. The Statement of Objects and Reasons says .

"The object of the Bill is to secure for the Government a considerable portion of the additional business profits which accrue as a result of the conditions prevailing during the war",

and yet the preamble merely states "whereas it is expedient to impose a tax on excess profits arising out of certain businesses". Now, Sir, with regard to this question of excess profits, it seems to me that the activities of speculators on the exchanges in Calcutta and Bombay have given the impression that India was experiencing a regular boom. It is rather unfortunate that such an impression should prevail. But I should like to remind my Honourable friend of what the compilers of the Reserve Bank report have stated in their last publication :

"On the whole therefore the economic outlook at the end of the year appeared to be brighter than at any time during the past ten years, although memories of the aftermath of the last war were sufficiently recent to lead to a fairly general realisation of the fact that war profits are essentially artificial and transient, and that in a major conflict of this nature no country can hope to escape the inevitable strain on her economic resources."

That, Sir, should have been regarded as a very strong reason why this measure should not have been brought in at this stage before the position is consolidated, and before we know how long the war is going to last, and how it is going to affect the economic situation of this country.

There is another consideration, and it is this : how do you ascertain what profits have been made as a consequence of the war? There are many industries which by a process of prudent husbanding of their resources or by the increasing efficiency of their management have been creating

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for themselves a favourable position. Are you going to tax their increased profits as profits arising out of the war, even though it may happen that in some cases the profits which these concerns are making have nothing whatever to do with the war? Certain provisions have been made for exceptional cases. I want to ask, what happens in the case of increased production? I happen to be intimately connected with an organisation which has put up three new factories in the course of the last year or two, and the production has gone up by something like 250 thousand tons. Are the profits arising out of this production to be regarded as excess over the normal?

These are some of the very strong objections to the general features of the Bill. Coming to individual items, I would like to say, what has been said so often in the course of the last few days, that the standard year has been taken on a basis which would work very great hardship to industries. There was a far wider choice given to industries under the Act of 1919. If you take years of depression as your standard years, you are crippling Indian industries in a manner which you do not appreciate at this stage.

**Mr. President** (The Honourable Sir Abdur Rahim) The Honourable Member can continue his speech after Lunch.

The Assembly then adjourned for Lunch till Half Past Two of the Clock.

The Assembly re-assembled after Lunch at Half Past Two of the Clock. Mr. Deputy President (Mr. Akhil Chandra Datta) in the Chair.

**Sir H. P. Mody:** Sir, before the Lunch interval, I was saying that with regard to the standard year a sufficiently wide range of choice has not been given to the assessee. In particular I object to the exclusion of the period 1938-39 and I do not see how it could be said that that was a war period. As a matter of fact it definitely was not, as I shall prove to you a little later.

In the Bill, provision has been made for appeal to a board of referees, and from that point of view there is some hope that in very hard cases justice may be done. But I should like the House to understand precisely the scope of the powers of the board of referees. In most cases if it is established by the assessee that the abnormally low profits of the standard year were brought about by abnormal causes, then the Board can put the matter right only to this extent that they will concede not more than 6 per cent. on the capital of the concern. Now, what is the capital of a concern? In most cases, and it is common knowledge, the original capital with which a concern starts bears no relation whatsoever to the capital actually employed in it. I know of a great many concerns personally in which the original capital is of a negligible character. One concern which has a capital of 18½ lakhs of rupees has a block of well over a crore and a half. Over a period of years, such a position has been built up. There is a jute company whose capital is only 4,20,000, whereas the block is many many times that figure. Therefore, if you allow only 6 per cent. on the nominal capital, then you are not affording any relief to the assessee who has been hit by abnormal circumstances during the standard period.

**Sir Cowasji Jehangir** (Bombay City Non-Muhammadan Urban) What about expansion with borrowed money which are not debentures?"

**Sir H. P. Mody:** That, of course, is another point, and I am glad my Honourable friend has drawn my attention to it. Expansion has often taken place with borrowed monies, and that really means that while the capital is kept at a very low figure, the actual capital employed is very much more.

Coming to the question of the percentage, while I was glad to note the assurance of the Finance Member that the matter would be fully gone into after the Select Committee had had an opportunity of considering the financial position of Government, and while, therefore, I shall not pursue the point in great detail here, what I would like to point out at this stage is that if you make it as substantial a percentage as you have in the Bill, then you are preventing industries from consolidating their position. Here is one of the few opportunities given to industries to recover from a period of depression and to make some provision for the future, which from our experience we know will be inevitably facing us as soon as the war and its aftermath are over, and you lay your hands on as much as 50 per cent of the excess profits and thereby administer a very considerable hardship to industries generally. There is one concern, I know, which need not be named, whose success after many years of depression has been of a spectacular character, and which was hoping to set aside substantial sums to reserve for the first time in its history. It is a very big concern, and yet apart from laying aside proper sums for depreciation it has had no opportunity of building up reserves. That position was going to be rectified in this year of profits, but now half of the excess profits will be taken away. Therefore, as I say, the position is that while 50 per cent may look all right, when you take it in relation to the 60 per cent imposed upon British industrialists, if you take it in relation to Indian conditions, it constitutes a gross injustice. My Honourable friend, the Finance Member, has combined a very fat percentage with a very lean basic year.

The next question that arises for consideration is the currency of this measure. It is of an indefinite duration. There may be substantial reasons for it, but we are not able to appreciate them today. One thing I know, that if this measure were up for review by the Legislature from year to year, it is quite conceivable that a great many anomalies and injustices which may come to light in its actual operation would have an opportunity of being rectified. That opportunity will be denied to us. This Bill, once it has got through this House, will be a more or less permanent thing, for the period for which at any rate Government intend it to be. I am also afraid of another thing. I am doing no injustice to the Finance Member or to the Government of India when I say that once a taxing measure is on the Statute book it takes a very great deal of persuasion to induce Government to take it off. As I have had occasion to remark on a previous occasion, "a thing of duty is a joy for ever", so far as the Finance Member is concerned.

I come to the question of the chargeable period in the Bill. What I want to know is by what process of reasoning are profits made before the actual start of hostilities brought within the chargeable period? The Statement of Objects and Reasons refers to profits which accrue as a result of the conditions prevailing during the war. How can you bring profits accruing before the outbreak of hostilities within the purview of this Bill? It is

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against the principle of the Bill, and I should like again to quote from the Reserve Bank report to which I referred this morning:

"The growing tension in the international situation militated against any sustained recovery in the first eight months of the year and the nervousness which it engendered dominated the financial markets generally and almost nullified the effect of other favourable factors such as a slight improvement in the foreign trade position and a rise in the prices of certain commodities such as jute and sugar . . .

The declaration of war, however, radically altered the situation and led to a sharp rise in commodity prices and an improvement in the prospects of Indian agriculturists and industries generally."

In other words, an improvement came about on the outbreak of the war, and, therefore, it is very unjust that it should be sought to tax any profits which arose before the actual start of hostilities.

There is another point and that is with regard to the change recently made in the system of depreciation allowances. All these years we were allowed a rate upon the original value. By the recent amendment of Income-tax Act, depreciation is now to be allowed on the written down value. If the profits for the chargeable years are based upon depreciation calculated on this basis, then they are bound to show higher as against the lower profits on the old basis of the standard years. I have every hope that this anomaly will be set right. In the case which I led before the Central Board of Revenue recently on behalf of industrial interests, I pointed this anomaly out, and I was told, and perhaps properly, that that was a matter which was to be threshed out when the Excess Profits Duty Bill was under consideration. I am taking this early opportunity

**Sir Cowasji Jehangir:** May I ask why the depreciation rate should be so fixed that it should be less? Was any undertaking given that it would make no difference to us?

**Sir H. P. Mody:** That is just the point. My friend was in the Select Committee and I was not. We were told that an assurance was given that the result would work out more or less the same.

**Babu Baijnath Bajoria** (Marwari Association Indian Commerce) It was given on the floor of this House too.

**Sir H. P. Mody:** But I am given to understand that there was no sort of undertaking or assurance given.

**The Honourable Sir Jeremy Raisman:** There was no such undertaking.

**Sir Cowasji Jehangir:** May I say definitely that there was such an undertaking given in the Select Committee that the difference in the method would make no ultimate difference to the industries?

**The Honourable Sir Jeremy Raisman:** I am afraid we cannot pursue this matter. I must differ from the Honourable Member

**Sir H. P. Mody:** The point was repeatedly made by me and the categorical reply was that no such undertaking was given. However, that is a matter which does not directly concern us. All that I am concerned with now is that the change which has been brought about in the system of



depreciation allowances, unless it is set right so far as this Bill is concerned, will entail an additional burden. I have every confidence that Government of India will set that right.

There are a great many differences between this Bill and the Act of 1919. My Honourable friend, the Finance Member, in effect stated this morning that so far as that Act was concerned the Government went to sleep and were caught napping. Unfortunately for us, this time they did not go to bed at all, with the result that not only a much more drastic burden is sought to be imposed upon us, but very substantial differences in many of the main features have been introduced. The 1919 Act gave a wide choice of the basic period. As a matter of fact, the basic period was a period of substantial profits. The duration of that measure was one year, and it gave also a choice between paying supertax and paying excess profits duty. From figures which I have obtained, it would appear as if Government realised from that Act something like Rs 9 crores, after making allowance for a reduction in the income-tax and super-tax. From the present measure it looks as if that figure would have to be multiplied a great many times. I do not quite know how much money the Government of India really need for the purpose of financing their requirements. I submit, what I have submitted unofficially already, that it is really not necessary even from the point of view of the canons of sound finance that Government should seek by an exceptional measure of this nature to get all that they want to fill up the gap. Let the effect of an Excess Profits Duty be properly appraised—let us all see how far industries are developing under the stimulus of the war—let Government consider how far the present profits are really in excess of the profits which might be regarded as normal; and it is only when they have that experience of the working of the Act that they can decide whether the percentage mentioned in the Bill is fair. I have mentioned, in the course of my remarks on the Income-tax Act, that people were so far keeping only two sets of books, but that thereafter they would be obliged to keep three sets of books—one for themselves, one for their partners and the third for the income-tax authorities. Now, four sets of books will have to be kept, and the fourth will be for the purpose of the Excess Profits Duty. Unfortunately, penalties have been prescribed in the Bill. A little fellow once asked his father, “Dad, what is bankruptcy?” and the venerable father replied, “Bankruptcy is when a man puts his money into his trouser pockets, and lets his creditors take his coat.” It seems that the Government are going to rifle not only our coat pockets and our trouser pockets, but every other kind of pocket we may have. I cannot otherwise explain the drastic penalties they have sought to introduce in the Bill.

On the whole, Sir, the Bill seems to me to be hastily conceived and prematurely brought out. And like all prematurely born things I do not think it is likely to be a very healthy growth or be an influence for good. It is going greatly to affect the fortunes of industries, which, as I have said several times already, were just beginning to recover from periods of depression and were hoping to have a run of prosperity which might enable them to consolidate their strength and position. I am not enamoured of this Bill any more than any of my friends in the business world, but in deciding my attitude towards this measure, I must be guided by severely practical considerations. I know as a matter of fact that if this motion were defeated certification would follow, and I certainly do not want this Bill to be certified. (*An Honourable Member*: “Why?”) Why? Have you

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not had sufficient experience in the past? Five budgets have been certified without the change of a comma. Why, it was possible even in the old days when we were on these benches, and were not supported by the representatives of the people in the sense in which they are labelled today—even in those days we managed to get crores of relief for the taxpayer, as my friend the Commerce Member will testify? I don't want this Bill certified, because I am quite certain that if it were, it would have a most crippling effect on industries, and I do not think that there is a single business or industry which would be grateful for such a consummation. On the other hand, Sir, I have every confidence that, if a good case is made out, then whatever the financial exigencies of the Government or India may be, as a reasonable man, the Finance Member is bound to admit that he cannot get the money he wants at such a great cost to the industrial and commercial structure of the country. It is from that point of view, Sir, that I want this measure to be examined in the Select Committee. Already a large number of industries and individual concerns have sent representations to me with regard to the manner in which this Bill ought to be revised. Their case has got to be put before the Select Committee, and it is on that account, and not because I am less keen than any of my friends in condemning this measure,—that I stand here today to support the motion for Select Committee.

**Dr. Sir Ziauddin Ahmad** (United Provinces Southern Divisions Muhammadan Rural) Sir, no taxation proposal has ever been found to be popular. We will always find a class of persons who will be dissatisfied with any proposal that may be brought forward for taxation. So it is really a misfortune of the Finance Member, not only here, but everywhere, that he always makes enemies by his taxation proposals and I consider one of the qualifications of a successful Finance Member is that he should be thoroughly unpopular. Sir, I had to make certain complaints about the Income-tax Bill, and on that occasion I said there were only three persons in this House who understood all the implications and side corners of the Income-tax Bill, and the Finance Member was not one of those three. They always take a delight. The clauses of the Bill were so worded that businessmen and income-tax officers may outwit each other. The businessman tries to take shelter under one clause of the Bill, while the income-tax officer tries to squeeze out as much money as possible under some other sub-clause of another section of the same Bill. This reminds me of a conversation which I had about a certain book, called "Abelian Function", which probably may be familiar to my friend, Mr. Griffiths, and to my friend, Sir Andrew Clow. That book was written by Professor Baker, and the question was who were the persons who probably read that book. The net result of the discussion was that the author must have read it, and the person who read the proof must also have read it, and the third person about whom there was a great probability was Professor Forsyth, and they could not trace the fourth man in Cambridge who could possibly have read that book. Now, the same was the case with regard to the Income-tax Bill, because three persons understood it, and we could not find out the fourth person who understood it.

**An Honourable Member:** Who are those three persons?

**Dr. Sir Ziauddin Ahmad:** You must know them, Mr. Bhulabhai Desai was one of them, and one other person is present in the House.

Now, Sir, taxation of excess profits is a very equitable form of taxation. It falls on persons who can afford to pay it. It falls on persons who pray every morning 'Long live Herr Hitler'. I am not speaking from imagination. I have come across one of these gentlemen,—not Mr Bajonia,—who prays every morning 'Long live Herr Hitler'. This taxation falls upon persons who are benefited by the miseries and loss of life of people, and the only tax which can be called more equitable is a tax of 16 annas in the rupee on the profits of *Kuffan Chore*.

Now, Sir, my friend, Dr Banerjea, laid down two fundamental principles with which I agree entirely. The first principle he laid down was that war taxation was better than a war loan. I think everybody will agree with this principle, and the other principle he laid down was that taxation should fall on the shoulders of those who can bear the burden and that the industrial development of the country should not be hampered. I entirely agree with the principles he has laid down, and here, I should also like to express my own view on the subject, and this is the standpoint from which I judge the principles of this Bill. Sir, I am in favour of the development of industries; I am in favour of protection of industries; but I am not in favour of robbing the poor consumers under the false cry of protection of industries. I am in favour of freedom of trade. It does not mean only exemption from customs duties, but freedom from the evils of combines and monopolies. Every person has a right to sell, but he has no right to stop any other person from selling the same things; and the last thing is that the consumers should contribute for the maintenance of the industries and people employed in those industries, but they should be protected from the robbery by the system of combines and monopolies and artificial raising of prices. Sir, the Home Member feels his responsibility for protecting our property if taken by physical force, but the Commerce Member has not yet realised his responsibility of protecting us against the robbery by economic force. If anybody robs us by physical force the Home Member protects us; but if anybody robs us by economic force, the Commerce Member puts before him books by Professors Keenes, Picon and Marshall and smiles behind them. So while robbery by physical force is protected, robbery by economic force has not yet been realised and nobody protects us.

Now, Sir, I should like to divide the excess profits into three categories and not treat all of them on the principle of the '*Takka ser khaja takka ser bhaji*'—the principle which the predecessor of the present Commerce Member brought forward in the second Finance Bill of 1931, which increased taxation by 25 per cent. all round.

There are three kinds of profits. The first is the profit on protected industries. We have given them an assurance that they will get so much profit as a result of an inquiry by the Tariff Board. Therefore, any profit over and above that which has been guaranteed to them should be reckoned as excess profits. Those protected industries come in a class by themselves, because the Legislature forced the consumers to contribute to these protected industries. Then, the second class of persons are those who get the profits by means of combines and monopolies of sales; they rob the consumers by economic force and not by physical force; and the third category consists of those who carry on trade in a straight forward business like manner and get the profits. Before I go into the details

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of the three classes of people who make profits, I would like to narrate a small story.

In one country some years ago,—I think it was Zululand,—there were some robbers who used to rob everybody who came across them. Later on there came a very vigilant king who came on the throne and he tried to stop this kind of robbery and theft. Then all these bandits began to starve for want of livelihood because it was stopped by the good administration of the king. So they appealed to the bandits world conference. An all-world bandits conference was convened, I think, in one of the jungles in Abyssinia,—I do not remember the exact place, but I think it was held in a place not far from Addis Ababa. There the President of the all-world bandits conference,—Haji Baba,—delivered his Presidential speech. That speech has now become classical. I tried to get hold of a copy of the book to read it out verbatim, but unfortunately I was not able to get it. So I give few extracts. Haji Baba began in German, “Mein Herren, (there were no ladies there) we have now to face a very difficult situation that has arisen in this world. You all know that we have an honest method of living. We only collect tax from few persons and only a portion of their entire possessions, and still people come forward and complain against us. Look at what the civilised government called ‘Bolshevism’ do. They rob everybody of everything that he possesses and still they are called civilised and no action is taken by any other civilised country. Even the Dictators are supporting them. Look at the trouble which has been created and the way in which it is working. We have got a legitimate right to live and take taxes from other persons. If people do not pay our taxes we give them some form of punishment. We give corporal punishment. Unfortunately we have no prisons and so we cannot put people in jails. Then capital punishment is the only thing that can be given by us. Let us go and adopt the Bolshevik method and rob everybody of every property that he possesses.” After that speech, his first lieutenant, I think his name is Bazurhemehar and who was a very wise man got up and said, “Do not go in for Bolshevism. There is another possibility of getting a very decent livelihood which the civilised world has recently invented. Some of you ought to go to the capital of Zululand and take charge of the bakers in the town and then, afterwards, start a bakery yourself and you can bring all of them under your control. As soon as you have done it, you increase the price of bread by cent per cent. But, mind, be careful that you take possession of every cart of wheat which comes to that particular town. Then you will have the whole monopoly of the wheat, the whole monopoly of the sale of bread and then in that case you can dictate your own price and you will earn very much more than you could have done by stealing and robbing people. This is a thing which nobody can deny.” An interruption was made by a member who said, “What would happen if other people came in, not from Zululand, but say from Abyssinia and they also started a bakery?” “The solution is very simple. You treat them like your own brother robbers and bring them into your own combine and give them proportionate profits, but never fight with them.”

**Sir Cowasji Jehangir:** May I know what we are discussing?

**An Honourable Member:** A story!

**Dr. Sir Ziauddin Ahmad:** The story ends. I now come to these three types of profits which I have just classified. One is the profit on protected industry. When the Fiscal Commission discussed this particular problem they warned us against the evil which might arise in future years . . . .

**Mr. M. S. Aney:** Is it Protection Bill that is under discussion now?

**Dr. Sir Ziauddin Ahmad:** I am talking about excess profits and I am going to define what excess profit would be. Any profit that is given by the Tariff Board is really the standard profit and any profit which has been obtained by the system of combines is not a genuine standard profit.

**Mr. Deputy President (Mr. Akhil Chandra Datta)** We have got the definition of excess profit as given in this Bill

**Dr. Sir Ziauddin Ahmad:** I make a definite proposal that there ought to be a distinction in all the three kinds of profits, and I will have different rates for them. I am only developing my argument. The Fiscal Commission of 1921-22 said—

“Another undesirable feature which the history of protectionist countries discloses is the tendency towards combinations of manufacturers for the purpose of exploiting the domestic consumer. A protectionist system certainly gives the opportunity for undesirable forms of combination. In a free trade country no combination of manufacturers is able to keep the price of a commodity above the world price. If all the manufacturers of a particular country agreed not to sell below a certain price which was above the world price, the only effect would be that their home market would be captured by foreign manufacturers selling at the world price. The case of protectionist countries is, however, different. Here we have a tariff wall, affording, when the foreign manufacturer has been partly or wholly excluded, a certain latitude of price to the home manufacturers. If the latter do not combine, the home price will be regulated by the ordinary conditions of internal competition.”

This is a very important warning given by the Fiscal Commission, especially in the case of protected articles. No action has been taken by the Government and all the profits that are accruing by this system go at present to the businessman. I suggest that a good portion of it ought to come back to the Government, which really means the taxpayer, because anything that comes to the Government would relieve the burden on the taxpayer. My point is that we should have a higher rate of taxation on the profits that have been realised under economic pressure. In an ordinary case I think a duty from 50 to 60 per cent would be equitable. There are persons who really are giving for the benefit of the country their lives, their property, and they are making financial contributions. Those persons who are being benefited by the sacrifices of other people should also make some contribution to this cause. When persons who are not benefited at all by the war conditions are making contributions in various forms, it is reasonable that the persons who are having a direct benefit because of the war should make a contribution to the successful prosecution of the war. The profit of 50 per cent in the case of the ordinary persons is very reasonable but my own view is that it ought to be raised to 55 or 60. In the case of protected industries, where by means of legislative enactments we are compelling the consumers to pay higher prices, this duty ought to be something like 70 or 75 per cent and in the case of combines, the duty should be about 65 per cent. I will tell you an example of how the profits are made by system of combines. The United Provinces Government has

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 put on a duty of two annas on the sale of petrol. In the province of Delhi there is no duty put by the Government of India but the salesmen by means of a combine have artificially raised the price by about two annas in order to keep it on the same level as in the United Provinces. It is this thing which the consumers of India have a right to be protected against by the Commerce Member. The same thing is happening in the case of foodstuffs. As soon as the war was declared, people dealing in foodstuffs artificially raised the price. They began to hold everything back and to sell at high profits. In some cases Government intervened by executive action but where the Government could not intervene, the consumers took the law into their own hands and began to loot the bazars. When the people are making this profit in this particular manner by a system of combines and monopolies I think it is very reasonable that we should ask them to contribute something to relieve the taxpayers of the burden which is falling on them.

Now, I come to the standard profit. How is it to be defined. One definition will not do for all kinds of profits. In the case of protected industries, the standard profit is the profit recommended by the Tariff Board and there we have got something very definite and any profit over and above the one recommended by the Tariff Board ought to be taken to be the excess profit. Now, as regards those commodities which are really under the control of monopolies and combines, we have another definition. What would have been the prices at which it ought to have been sold had there been no combines and no monopolies? That is entirely a different thing altogether. The third category will be the category in which the people have made profits simply on account of the war conditions and there the definition and the method adopted in the Bill are very legitimate to my mind. Of course, they require some revision in minor details but in principle it is all right. Sir, we do require an alteration in the definition of standard profits in the case of the two classes of industries which I have just outlined. There is one difficulty which I feel and which has also been alluded to by a number of other persons that no indication has yet been given and I believe it could not be given at this stage as to how much money is expected to be realised by this measure. I think we have a right to know this.

The next thing is how much money is wanted by the Government to meet their expenditure for the year 1940-41 and then we would be able to decide whether this amount is sufficient and then we might be able to settle with greater justice and greater confidence the exact amount of the tax which should be put on the excess profits. I think by the end of the month we shall be in a position to know both these points. As regards the first point, I think we ought to know during the discussion of this Bill how much money this Bill will bring in. The figures may be very rough but still we should have some kind of idea as to what they are expecting to get by this measure.

Then, there is the fundamental point that whenever you want us to vote for expenditure we have got the right to criticise the way in which that money is spent. I am not discussing the war condition on the floor of the House. I think it is not reasonable to discuss it now but as regards the economic problems which have arisen on account of the war conditions we have got a right to know and criticise them. We are not

satisfied with the way in which the Supply Department is being organised. I will not go into details at this stage. I will discuss it later on. They can run the whole thing in a more economical manner and probably with less burden on the consumer. I will confine myself to one remark only and that is what we are not satisfied with the actual administration of the Supply Department. It ought to be organised on a better system. The system of appointment is not good. The system of contract and the system of selection is not good and there should be some kind of board which ought to control the problems of supply. I leave it there.

There is one point to which I draw the attention of the Honourable the Finance Member. On the opposition side there is not a single lawyer. We have got the Law Member no doubt. There are many complicated problems in this Bill for the discussion of which the presence of a lawyer from the opposition Benches is absolutely necessary in the Select Committee. I trust that my Honourable friend will look into the matter and give us one more man. The strength of our Party is 2½ times that of other parties and we should have one more Member. I am not laying down the principle just now as to what should be the strength of the various parties. It is desirable that there should be a lawyer. Otherwise the Opposition will be very much handicapped. One of us may even vacate our seat to give place to a lawyer. We can consider this at the last stage and I leave it to the Finance Member to decide.

I will finish my speech with a prayer which I overheard a poor consumer repeating. I shall read out verbatim from the prayer which the consumer was praying, and which I overheard. He was praying:

"Oh, God, who sits in judgment, give us our bread and other necessities of life at stable prices, and endow our custodian, the Commerce Member, with sufficient sympathy and judgment to save us from the exploitation of business men. Deliver us from the exploitation of the business man who robs us under the battle-cry of the 'development of industries'. Give a little wisdom to the economic experts and protect us from their fantastic theories. Oh, God, have mercy upon us. Forgive the sins of the business men who by combines and monopolies of sale rob the poor labourer of his income earned by the sweat of his brow. Forgive the sins of persons sent to this world to rule us who see the robberies committed but connive at them. Oh, God, lead us to the righteous path that we in anger may not burn up the factories and loot the markets. 'Oh' God, save us from the miseries of war, which benefit only contractors and contractees"—*a word which I here coined for those who give contracts*—"Oh, God, we thank thee that ye have shown mercy in removing the followers of the Prophet from the list of the contractors and the contractees and middlemen, and left them to bear only the miseries of the battlefield."

**Mr. Huseinbhai Abdullahbhai Laljee** (Bombay Central Division: Muhammadan Rural) Sir, I have carefully listened to the speech of my Honourable friend, the Finance Member, and I must certainly say that everyone in this House will certainly agree that a few persons ought not to make a lot of money and that they ought not to escape the taxes which are legitimately due from them, but, Sir, when I consider these remarks very carefully, I do feel, having heard so many speeches and remembering the speeches made in connection with the Income-tax Bill as to how income-tax payers escape paying income-tax and how various devices and ways and means are required and adopted to find them out, that it is certainly not a very great thing to expect that they can certainly escape, to some extent, from the great war excess profits. Sir, after all, my Honourable friend has put down a figure of only five thousand persons in the whole of India from whom he will really get some excess profits tax, but, Sir, let us see the other side of the question; and the

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most important question; that is, it has been well-known, Sir, that only last year we were trying in this House to improve the plight of the agriculturist. We passed Bills against wheat coming from Australia. The agriculturists in the Punjab were said to be in a miserable condition. Then we had a Bill to protect the people of Madras and Bengal from imports of rice from Siam. Then, Sir, we had the Honourable the Finance Member who wanted to protect the Indian cotton by putting a duty on foreign cotton. Hardly a year has passed since then, but I ask in all earnestness,—by passing this Bill, what are you doing? Are you not really trying to reduce the prices of raw materials and of the agricultural produce? Is it not a simple thing for profit earners to reduce their prices for raw material,—and have you not seen that as soon as this Bill was out, the prices have come down?

**An Honourable Member:** Terribly

**Mr. Husenbhai Abdullabhai Laljee:** Sir, therefore, it is not only five thousand excess profits tax payers who are affected, but all the agriculturist classes,—and that, Sir, at a time when the raw produce is beginning to come up. This is the time when all the raw produce is coming out in the market, and this is the time at which this raw produce requires a lot of finance, and, fortunately, this is the time at which owing to this war or owing to opportunities that have arisen for the raw produce that it has a hope to come up and, therefore, the speculators and profit-earners, the Foreign Exporters, are cornering or purchasing all the stuff. I do not say that all the profits of the rise will go to the agriculturist. I do admit that a small portion goes to them, but something of it does go to them—and that is to a very large number of people, to thousands and thousands of our people who do badly need them. Now, it is these people who will be vitally affected by this sort of thing. We have by this Bill tried to warn these stockist speculators and Foreign Exporters to give as little as possible to the producers so that they themselves may not suffer. Now, the result is they have gone to the market and they will say “we will have to pay fifty per cent. to the Government, therefore, reduce your prices”, which they could not have done if this was not there, sure enough otherwise something would have gone into their pockets. So, now by this act you are going to keep up their condition as miserable as possible. Or, as some people have suggested but I did not believe them until this Bill came, that there is a movement to take away our raw produce as cheaply as possible without least consideration of the condition of our agriculturists. Now, Sir, large orders have come and are likely to come, this is a fact, and our produce will be sought to be taken away at cheaper rates. If that is so, it is really a very serious question. I would not mind if it is being sent actually to the war zone for soldiers, but surely, if it is going to be sent for all sorts of civil population and to allies and specially to neutrals who make money or to persons here and there at the cost of Indian agriculturists, it is very wrong. Further, this act will frighten those who produce these raw materials in India and those who will be induced to stock it and to wait for a time and see that they get something more. Sir, it is not at all fair and right that such an opportunity, which has come which will give something to the poor agriculturists at this time after years of depression, should be so spoilt. And that too, Sir, when hardly a year has gone when every man



on both sides of the House has admitted the very miserable plight of agriculturists in this country, and now not a word is being said about it but on the contrary we hear being said in different quarters "reduce the prices of raw materials". I admit, Sir, it is very essential that we ought to support industries, but at the same time we have ninety per cent of our people as agriculturists and what is being done for them? I assure you, Sir, that already the prices have gone down, the merchants, speculators, Foreign Exporters and the profit-earners have reduced down the prices after calculating something towards fifty per cent being provided for the Government. They are not fools, they are not going to give the Finance Member everything he wants and to do so they can very well split up their profits into twenty parts. They will only have to make ten or twenty partnerships. So the result would be that at the present moment while there is some ray of hope for agriculturist and people are hoping to see more of our produce going into different markets, specially where our raw produce was kept out or taken at ridiculous low prices that this God-sent opportunity is denied, surely until our industries are developed and our raw produce taken up by them such attempt as would adversely effect agriculturist must be avoided. I do not understand what is the reason of asking us to accept the period from April, 1939? It has, it appears, been based upon what has been going on in England and Europe. In Europe the war exigencies have been going on for more than a year and they have been making all sorts of preparations. The factories, the industrialists and even the agriculturists there have made lot of money. Nothing of the sort has been done here up till now.

Now, Sir, that is one aspect of the question. The other aspect of the question is, let us look into the question of small industries. Surely, Sir, there are persons who do invest their moneys for a fair return and speculate in various ways. These persons who do believe at present that this war will last for three years or for even five years and not for three months and naturally wish, therefore, that the industries may be successfully developed. They also know that dumping which has been going on for years together and which has ruined our industries and ruined our labour is not there for the present. Surely, the very Government which do not give us any protection ought not to stand in the way of the development of our industries at this time specially when capital is coming forward to give us some help. My friend, Mr Aikman, has rightly said that in India the position is quite different. Here 8 per cent or 10 per cent is nothing. He further said that you would let lose certain forces which will have their reaction. It is a fact. It is not quite true to say that the capital is shy. When the capital realises that there is no protection, there is no backing of the Government, which is the case all over the civilised world, how can it be expected to take the risk? The risk at present is that they will think that the war is a long drawn war and that their capital will get a good return. In that way, if some money does come into the industrial sphere why do you stop it? Certainly you save 50 per cent. This bogey of 50 per cent. is enough. God knows what things are going to happen. My friend, Sir Ziauddin, said, that war contractors make a lot of money. They charge what they like and if that is so we should certainly be justified in charging them. But we should do everything to give impetus to our own people in order that our supplies may go all over the world, irrespective of the fact whether the war goes on or it stops and also encourage industries now. Further, above all, there

[Mr. Husenbhai Abdullabhai Laljee.]

is a great risk also involved in taxing heavily the people now and that is that one does not know the period of the war, and my friend, the Finance Member, adds insult to injury by not providing any period for the duration of this Act. As a businessman I must say that it is absolutely wrong and improper for a Finance Member to ask for a taxation without giving such facts as, where does he want to spend, how much does he want to spend, what does he expect out of it and how does he expect it? None of these facts have been given to us. Is this a Finance Bill? If it was brought in by a business manager or a banker, then I know very well what people think of him. Here, the Finance Member does not want to give us any figures. It is a case of might is right, which is very unfair to say the least.

Now, there has been a complaint. People have heard it and may be quite right. I have heard that heavy expenditure is going on in various way and very little economy has been practised. I do not want to make aspersions but surely we ought to be given some details and told something in this connection. Our frontier is quite clear. Japan is away then what is going on in India to justify this, we do not know. Then, again, I repeat, the most important question that still remains is that you are not going to mention the duration of this tax. How do you justify that? The last Act was in force for one year and there was option given either to except super-tax or this tax, but in this case nothing is said about it and no period is mentioned. It may be kept up for ten years or more. It is not at all fair that every year we should not be given an opportunity. Then, we are asked to agree to the principle of the Bill and the budget will be placed later on before us. I repeat that in the meanwhile, the raw material that is coming to the market will be sold away cheaper, some people will corner it, some people will ship away and the poor agriculturist will be in the same miserable trouble. I ask in all earnestness, is this all fair? Sir, my Honourable friend, Sir Homi Mody, has rightly pointed out the condition of our industry during the last three years. Surely, these years cannot be taken as anything like prosperous years. The fair way of looking at the thing is that those factories or those mills which only supply the material to the Government for war purposes may be carefully taxed because surely they can say that the contractor and the contractee of this business are gaining out of it and if you find on examination some more proof of the extraordinary profits, do tax them further. But if you value my shares or the large numbers of shares belonging to Sir Cowasji Jehangir in various other concerns and say that today the value of these shares has gone up by 50 per cent. and if you put down that as the profit on the 31st March, surely it is not fair because it may be that on the 5th of April or the 10th of April the war is ended, the price of these shares must go down much if not by 50 per cent. Who pays for that? Sir, after years of fight we got the principle of carry-forward on the basis of three years' profits after as my friend, Sir Homi Mody, pointed out we are paying both from the capital as well as from the profits, I ask why this principle is not provided in this Bill in all fairness. Now, with regard to this war tax, surely it should last only during the period of the war, so that if the war ends one can find out what he has earned or lost and thus make an average. The war accounts ought to be kept separately or the Income-tax officers can certainly look into these things. But surely it is not right to have an average of three outstanding years and recover what you call war profit and when the war

ends, within four or five days or months and when there is a drop of 50 per cent. you should be away with his profits and thereby almost ruin him. Is that fair and equitable? I am told that the average of the last three years has been taken in England because people there have made lot of money and if the war now ends something will remain with them from which this something would come out. But here there is nothing of the sort. Even before the war, we are asked to pay? Is that fair and equitable? Of course, you are at liberty to take the money from those persons who have actually made money out of war supplies, but for God's sake do not hit the agriculturists and the poor people and industrialist but give them a chance to make a little money by selling their produce at a fair advantage. Ninety per cent. of our people are agriculturists and yet you are going to tell at present to everybody that if you buy anything, stock anything, or make any profit a tax of 50 per cent. will be levied on you. That is the position of both industry and agriculture on which we so much depend. In the industrial sphere, because the shares have been going up, frankly speaking the people do contribute something and help the new companies in the hope as I have said in the beginning that if the war lasts three or six years, they may get some good return. But if it is the intention of the Government that industries should develop and if it is the intention of Government that the raw products of India should not go at low prices to people outside India, then I say that great care should be taken before this new bogey of 50 per cent. is asked for by the Government. I will concede that during the war period only, some fair amount of profits should be given to Government, and this also only with regard to the contracts that are made for war supplies. I should warn the Government that they must not allow neutrals and others who have been dumping their goods into our country to take away our raw products cheap and make enormous profits out of them, and leave our people in the poor condition they are.

**Pandit Krishna Kant Malaviya** (Benares and Gorakhpur Divisions Non-Muhammadan Rural) Sir, I am opposed to this Bill being referred to a Select Committee. On principle, I feel, and I think most of us feel that we had no voice in the declaration of the war. We were not consulted even as a matter of courtesy. Where is the justification then for asking us to contribute to the funds for the defence of the country or for the prosecution of the war? One may or may not sympathise with England in her present difficulty. One may or may not want to help Great Britain in this crisis, but this much is certain that not one of us likes Hitlerism.

[At this stage, Mr. President (The Honourable Sir Abdur Rahim) resumed the Chair.]

Most of us cannot reconcile ourselves to the attitude adopted by Russia towards Finland. But with all our goodwill, knowing full well that Great Britain is not fighting in the cause of democracy, believing that Great Britain is waging this war in her own interests, we lovers of freedom and democracy, we who want that the people should have the right to govern themselves are prepared to do everything that lies in our power to help democracy to win. We know that this war is not being fought to end war. But even then we are prepared and willing to do all that lies in our power to eliminate the rule of brute force and might is right. It is tragic to see the policy of force spreading and to realise that wanton disregard for the law, humanity and freedom of the people is still on the march. But the question arises, where is this war? We do not see it anywhere in this country at least. No training of our youths for the defences of our country.

**An Honourable Member:** We are lucky.

**Pandit Krishna Kant Malaviya:** No doubt we are lucky. This luck seems to have been sent to us by an inspired message of the Reuter a few days ago when it was proclaimed to the world at large that Russian forces are nowhere near the frontiers of Afghanistan or Gilgit and that India is safe.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member is perhaps going too far beyond the motion under discussion.

**Pandit Krishna Kant Malaviya:** I am coming to the Bill. This is a war measure.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member had better confine himself to the motion before the House.

**Pandit Krishna Kant Malaviya:** I am now coming to the Bill.

**Mr. F. E. James:** He is coming to the Bill through Russia.

**Pandit Krishna Kant Malaviya:** Yes, Russia has been your bogey all the time. But you now tell us that there is no danger so far as India is concerned. Why then are these funds wanted for the defence of the country and for the prosecution of the war?

**Mr. President** (The Honourable Sir Abdur Rahim): The Chair would ask the Honourable Member to confine himself to the motion before the House.

**Pandit Krishna Kant Malaviya:** Sir, the Excess Profits Bill is a war-measure due to the war which is being waged in Europe. I contend that so far as the war is concerned, it is visible only in the sphere of finance. Our co-operation is wanted only in so far as funds are required. Our youths are not being trained for the Navy or the Air Force or for the defences of our motherland.

**Mr. President** (The Honourable Sir Abdur Rahim): This Bill does not seek co-operation in the war at all. It is merely a question of whether the excess profits made during the war conditions should be taxed.

**Pandit Krishna Kant Malaviya:** My contention is, Sir, that the Government want our co-operation only in so far as our money is concerned, we are not being trained for the defences of our country, we resent it, we feel that no war is going on and we, therefore, do not want to tax excess profits.

**Mr. President** (The Honourable Sir Abdur Rahim): That is not the Bill.

**Mr. M. S. Aney:** The Honourable the Finance Member justified it on the ground that social justice demands that this Bill should be passed and in defining social justice he referred to the existence of the war as one of the important conditions.

**Mr. President** (The Honourable Sir Abdur Rahim): The Bill has nothing to do with the question as to whether the war is justified or not or as to whether there is danger to India or not. The motion before the House is whether any profits in excess of what is called standard profits made during the war conditions should be taxed.

**Mr. M. S. Aney:** I do not want to carry on any controversy across the floor at this time. But when I get up to make my remarks, I will put this point of view and would ask for your ruling.

**Pandit Krishna Kant Malaviya:** I bow to your ruling. My contention is this The war is not visible in India

**Mr. President** (The Honourable Sir Abdur Rahim) The Honourable Member must confine himself to the Bill now before the House

**Pandit Krishna Kant Malaviya:** The Honourable the Finance Member pleaded his case in the name of social justice It does not come very well from the lips of an official spokesman representing a Government in which the officials are drawing Rs. 25,000, 12,000 and 10,000 a month When crores and crores of our peoples do not get a square meal in 24 hours It does not lie in the mouth of such officials to speak of social justice I can understand the levying of this excess profits tax provided this was wanted for developing the industries of the country. Every country in the world today is anxious to develop its own industry, whereas this Bill wants to cripple our industries and throttle their growth In their own interests the Indian Government and the British Government should have thought that the present is the most opportune time to develop the industries of this country This will stand by them in their time of need. If there is going to be a real war—at present so far as I know it is only a miniature war that is going on—if there is going to be a devastating war, I, as a friend of England, would request the British Government through the Finance Member to develop our industries, foster new ones in order that the needs of the Empire should be met by India Because, when war will be fought in the air in right earnest, then industrial centres in England will be wiped out even if England wins Sir, far sight demands in the interests of the survival of the Empire that we must have second centres of production In Canada, attempts are being made to create such a centre England is investing 3 billion pounds for that purpose If Canada is considered to be a proper and safer place for the development of industries why should not India, a far bigger country, be developed so that we may supply all the needs of the Empire?

**Mr. President** (The Honourable Sir Abdur Rahim) Does the Honourable Member mean that these industries should be started out of the proceeds of the excess profits tax?

**Pandit Krishna Kant Malaviya:** That is my contention I say that if the tax is to be levied at all the proceeds of this tax should be earmarked for the development of industries in this country and for nation building purposes and not for being wasted in the names of war I want social justice. I want all the key industries to be nationalised. I want all the profits to come to the State for the development of industries, but the Bill does not provide any such thing. The Government do not even tell us how the money will be spent, what for it is wanted. My Honourable friends,

[Pandit Krishna Kant Malaviya.]

Sir Homi Mody and Mr. Hussain Bhai Laljee, said that conditions in India and England are different. This is too true. England is fighting a life and death struggle and if Germany wins, there will be no England, but we are far removed from the war zone and we are told that there is no danger to this country. I, therefore, want that profits should not be heavily taxed, that industrialists should be allowed to foster new industries, but if there is to be a tax, it should be spent on the development of industries and not wasted in the name of defence and war purposes. The Bill does not propose to do any such thing and, I, therefore, oppose the reference of this Bill to a Select Committee.

**Sir Abdul Halim Ghuznavi** (Dacca *cum* Mymensingh: Muhammadan Rural) Sir, the Muslim Chamber of Commerce has opposed this Bill and sent a telegram to the Honourable the Finance Member as follows

"Muslim Chamber considers proposed levy of excess profits duty objectionable both in its incidence and application. It will discourage and retard growth of new industries and will be ruinous to old ones who after years of losses will not be able to recover. Further, Chamber emphatically protests against method of assessment which is arbitrary and unjust to trade in all sections."

This was followed by all other Indian Chambers throughout India, and, in my experience of 45 years, I have never seen such unanimity among Indian mercantile organisations in regard to a matter of taxation—a unanimity which is very largely shared by the Britishers.

**An Honourable Member:** What does your constituency say?

**Sir Abdul Halim Ghuznavi:** My constituency opposes it, and I shall presently tell you the reason why.

Suddenly a bombshell was thrown on India, and, as a result, the markets collapsed. Mr. Aikman says they became normal. He was passing leisurely hours in Delhi, not knowing what was happening in Calcutta and Bombay. What happened was that it was the agriculturists who lost. In one hour, jute bales came down by Rs. 25 and hessian by Rs. 6, thus ruining the trade completely. If Government wanted money to carry on the war, which legitimately they may require, they should have called the Leaders of Parties and explained the position to them and with their help devised ways and means to meet the situation created by the war. They should not have resorted to this Hitlerism in taxation. Even if this Bill were necessary they should have explained it to the public instead of creating a panic. By his precipitate action the Honourable the Finance Member has benefited the foreigners. They got cheap things for which they would have had to pay high prices. Whereas American merchants were buying jute at Rs. 100 per bale and hessian at Rs. 21, they got jute at Rs. 72 and hessian at Rs. 14 and odd. Someone referred to bulls losing and bears getting. But the fact was that foreign buyers reaped the benefit and money went outside India.

Sir, this morning I listened to the speech of the Honourable the Finance Member. He gave his reasons in detail in justification of the Bill. He made a grievance and said that when a Bill of this description was introduced in 1919, an argument was advanced against it that the war had been over two years. Now, he says, he has introduced the Bill within six months of the starting of the war, the complaint is that he has come

too early. It is difficult, he says, to realise when his critics desire him to come.

My answer to that is that he should want the money two years later when businesses have recouped losses and made actual profits and not now. Let the war go on for two years, and then he can come in with his proposal. Or, he can allow his proposal now to go to a Select Committee and get the Bill passed, but not put it into operation till war profits have been made in India. India has not yet made any war profits. You cannot compare India with England, England has been making war profits for the last five years. Every merchant and every businessman there has made tons of money. What have we made in India? Nothing whatsoever.

Again, Sir, we do not know what the money is required for. All we know is that we have to pay 50 per cent. of some earnings which may or may not be actual profits at all. If I lose any money, he merely says "It is your money that has gone." But if I make any excess profit, he says "You have to pay 50 per cent. as a present to His Majesty's Exchequer." How does he justify that?

I wish to say, Sir, that the Indian Chambers of Commerce do not want this Bill now. They do not say they do not want it at all; they merely say "We have these just reasons and just opposition to which the Government should listen." All of us here have received telegrams from them. I shall take up one of these telegrams and read it to this House, although the Congress Benches in front of me are empty, so that the House may say whether the objection taken is not a sound and valid one, and if that is so, whether the Honourable the Finance Member will take those objections into consideration. They say "You can go on with the Bill in the Select Committee, but do not put it into effect till we have made some money. Look at the depression, ten years of depression since 1931. No businessman and no industry could make any profit whatever" (Interruption). My Honourable friend says "How did they continue the industry?" When I say profits, I mean excess profits as provided in this Bill. As regards income-tax I know how they realise it. They torture people. I have made no income, but they force me saying "You will have to pay so much; otherwise produce this book and that book." And to escape this torture say, "Take this money and be done with it." That is how they realise income-tax. Does any Member in this House deny that the depression has been there for the last ten years, even up to 1938? I am sure nobody can deny that. There has been depression in India throughout the world,—why in India alone? But the United Kingdom has been making money because they were preparing for the war. We had no such orders here for the last five years. The war started only in September, and what are the orders we have received up to now? . . .

**Mr. F. E. James:** Are you sorry the war did not start earlier?

**Sir Abdul Halim Ghuznavi:** I am very sorry that the war started at all. We did not want the war but I am sorry that because the war started in September the Honourable the Finance Member should come out with a bombshell and take away all the money that has been made not only since but even previously.

**Mr. F. E. James:** That is the only bombshell we have had here so far!

**Sir Abdul Halim Ghuznavi:** Perhaps there may be many more being made between now and the 29th February (Interruption) Panic and abnormal fall of prices in the markets have marked the announcement that a Bill of this character was about to be introduced—More bombshells of this character will finish it and kill the goose that is expected to lay the golden eggs for Government. Further our friends of the European Group have already agreed to the Bill subject to a little change here and there What I was told in Calcutta has come to nothing practically.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member should not carry on a conversation like that: he had better address the Chair

**Sir Abdul Halim Ghuznavi:** This is what the Federation of the Indian Chambers of Commerce state in their telegram

"Committee of Federation Indian Chambers given careful consideration to provisions of proposed Excess Profits Tax Bill and are of emphatic opinion that there is no justification for Government to introduce such an emergency levy at present juncture in India. The objections on which they base their protest with regard to Bill are, firstly, that conditions in United Kingdom are entirely different and are not comparable to those in this country "

Can anybody deny that? (Interruption) It is no use interrupting me in that way The telegram continues:

"In the United Kingdom His Majesty's Government have given enormous orders to industrial concerns in the country for the supply of munitions required for the prosecution of the war "

Now, do you deny that His Majesty's Government have been giving enormous orders there and that no orders have been placed in this country? (Interruption.) Six lakhs of sand bags required for His Majesty's Government constitutes very little indeed. It is nothing at all The telegram continues:

"Owing to these war conditions, British industries have been reaping extraordinary profits "

Can you deny this? (Interruption)

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member must address the Chair.

**Sir Abdul Halim Ghuznavi:**

"In fact since 1936, United Kingdom industries have been experiencing a boom period."

What was our condition in India? In 1936 depression was prevailing throughout India from one end of the country to the other. Therefore, what is the use of comparing our country with England? There is justification to levy excess profits duty there; but what have our businesses made that they should be asked to pay now?

**Mr. Muhammad Azhar Ali** (Lucknow and Fyzabad Divisions: Muhammadan Rural): Mr. Aikman also says the same thing—do not compare India with England.



**Sir Abdul Halim Ghuznavi:** He said the same thing, but, at the same time, the milk and honey business went on. The telegram says further on:

"In fact depression continued right till 1938, all over the country both in Industry and Commerce. Even after declaration of war very few industries received orders connected with supply of munitions and raw materials and this could not have led to a boom in industries. Under United Kingdom Act standard period is almost boom period because of armament programme while in India there has not been any such year prior to declaration of war and Indian industries have at best just begun to look up enabling them to make provision for losses that they have been suffering during depression period."

Tremendous losses are shown in their books. Ten years' losses have accumulated. Some of the industrialists are just able to raise their head, and, here, the Finance Member comes forward with the Sword of Damocles and wants to chop off their heads, as my friend, Sir Homi Mody, said. There is no use of hanging on, and so he has chopped off their heads. Further on, the telegram says:

"Under the United Kingdom Act the standard period is almost boom period because of armament programme."

Well, in India there has not been any such boom period either before or even after the declaration of the war. This is another very strong argument why this measure should not be introduced now. In the United Kingdom, they had a boom period, but we had no such period, nor have we any now, and yet we are asked to pay for profits made even before the declaration of the war, and not merely for profits since.

"At best we have just begun enabling them to make provision for losses that they have been suffering during depression period. Secondly the country has every right to know the extent of liability and additional expenditure which it would be called upon to bear in the prosecution of this war."

Nor have we been told how much money would be required, why it would be required, what is the purpose or what is the total amount? Nothing at all. No period has been prescribed during which this measure is to remain in force; for all that we know it may not be repealed at all. It may remain in force indefinitely. All measures introduced as temporary by Government, have a tendency to continue indefinitely. On the last occasion, Sir, a definite period was laid down, and one could understand for such and such a period the Bill would remain in force, that my head has not been entirely chopped off, but it may be put right after a period, but in the present case no period has been prescribed, perhaps this measure, if it is passed into law, may not be repealed at all.

"The country has every right to know the extent of the liability and additional expenditure which it would be called upon to bear in the prosecution of this war. The general impression is that during the last great war sums of money were arbitrarily debited in Indian accounts."

Now, this is a legitimate grievance. We should like to know what happened last time. If it had been debited to Indian accounts, why not credit that for the time being? Sir, with a measure like this before the country, no money will be forthcoming for starting new industries. Who will put his money in industries when he knows that fifty per cent. of the profits will be taken off by the use of the Sword of Damocles in the shape of the Bill before us? Our industries are still in an infant stage, and how can you compare our industries with those in the United Kingdom?

**Sir Muhammad Yamin Khan** (Agra Division: Muhammadan Rural): How will the money be utilised?

**Sir Abdul Halim Ghuznavi:** My friend is a barrister-at-law, and so he wants to use some legal argument. Who will invest the money? Of course, my friend will invest it in Government promissory notes because he knows they will be secure; he may not put his money in industries,—and we badly need money for developing our industries and not to purchase promissory notes. And why will a man put his money in industries when he knows that 50 per cent of the profits will be taken away and no allowance will be made for bad debts or losses?

"This amount is not ascertainable, but the public have no doubt that most of such debts should in fairness and equity have been borne by United Kingdom "

Then, again, there has been no answer from the Government side except that they will take the Bill to a Select Committee. We are grateful to the Honourable the Finance Member for the concession he has made to the public opinion in putting the date of the Report of the Select Committee until after the budgetary position was announced by him. So the matter has been postponed from the 16th of February to the 6th of March when this Bill will be passed with official support but with empty benches opposite. Sir, the Congress is making statements after statements from Bombay and Ahmedabad and Wardha. They have not the good-sense to come here and lodge their protest. The country is in such danger that they should have changed their view and come here to protest against a measure of this kind. Although I know what the result of their action would have been, still the country would have known that Congress Members were standing by it. What answer, I should like to ask the Congress Members, would they give to their constituents? Was it not their duty today to come here and oppose this measure on the floor of the House in the interests of the masses whom they claim to represent here, and not merely in the interests of business and industrialists? Look at the cotton prices which are daily declining rapidly? Who is going to lose? The cotton growers, and not the speculators. The speculators will buy cotton at a cheap price. Congress Members are not here, and I know what the result would be. The result will be that on the 6th of March the whole thing will be ready with perhaps certain dots and commas altered.

**Sir H. P. Mody:** No, we must have substantial alterations.

**Sir Abdul Halim Ghuznavi:** But who are you to

**Mr. President** (The Honourable Sir Abdur Rahim) The Honourable Member must address the Chair.

**Sir Abdul Halim Ghuznavi:**

"Unless, therefore, all elected Parties in the Legislative Assembly are available to approve the purpose for which this additional money is required the Committee feel that public would not feel satisfied that any more money should be raised. The Committee further wish to point out that large number of elected Members of the Legislative Assembly would be absenting themselves and would not be participating . . ."

**An Honourable Member:** Whose fault is it?

**Sir Abdul Halim Ghuznavi:** I don't rely on it as a part of my argument. I am only reading out the telegram:

" in consideration of this Bill.

The Government is likely to be accused of taking undue advantage of their absence by trying to pilot through the Assembly a Bill which is opposed unanimously by the whole Indian commercial community "

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar** (Member for Commerce and Labour). Accused by you?

**Sir Abdul Halim Ghuznavi:** Not by me. With all deference to Sir Ramaswami Mudaliar, he must know, every one knows, that they were not coming to the Session. Heavens would not have fallen if the introduction of the Bill had been delayed a month or two or even postponed it to the next Session. (Interruption.) The President wants me to discuss this Bill and not to take notice of interruptions.

"Excess profits tax which was passed in the year 1919 was levied for only one year "

Will Honourable Members listen to this? (Interruption.) Social justice has come in this time. This time it may be repealed or it may not be repealed at all.

**Mr. President** (The Honourable Sir Abdur Rahim). The Honourable Member seems to be reading some document and commenting on it, but he is expected to address himself to the motion before the House.

**Sir Abdul Halim Ghuznavi:** Two more lines, and I shall come to the next point.

**Mr. President** (The Honourable Sir Abdur Rahim). The Chair would ask the Honourable Member to go on with his speech.

**Sir Abdul Halim Ghuznavi:** Let me now take a concrete instance and tell Honourable Members what will be the effect of this Bill on the shipping industry which has no protection whatsoever. No industry has to bear such heavy burdens during times of war as the shipping industry. This is not only because the cost of operating ships has a greater increase than is experienced in other industries, but chiefly because the merchant shipping of a belligerent country has necessarily to act as a second line of defence and navv of supply. Among the resources that a nation at war immediately commandeers for the purposes of military and naval operations the shipping of the country has a unique importance. What is the fate of the Indian shipping? No protection whatever at the hands of the Government. While it is true that shipping as an industry has to be called upon to bear the burdens that are imposed by a Bill like the one under discussion, it should be remembered that the expansion of the shipping industry even during times of war, should become the primary concern of the Government. Has this Government done anything in this direction? Certainly not. Look at England—expansion of shipping, more shipping, build, build and build. Are you doing anything here? No. Giving any protection? Nothing. But 50 per cent. is required out of that shipping. There, in the United Kingdom every protection is given. I will tell you what they are charging there.

**Sir Muhammad Yamin Khan:** Are they making excess profits?

**Sir Abdul Halim Ghuznavi:** Of course, they are.

**Sir Muhammad Yamin Khan:** If they are making excess profits, then there is justification.

**Sir Abdul Halim Ghuznavi:** The shipping, even during times of war, should become the primary concern of the Government, not only for the carrying on of trade and commerce, but also for transport of supplies and troops as well as for defence. No doubt it was this consideration that led to the modification of National Defence Contribution measures as applied to shipping even in England. After a full discussion in Parliament, the tax imposed on shipping under those measures was adapted to fully meet the requirements of the shipping industry in England. It was realised by the British Government that the shipping industry, particularly, must rely upon good times to make up arrears of depreciation and losses accumulated during lean times. The English Act, therefore, allowed for all industries the carrying forward of all arrears of depreciation as well as six years' losses before the amount of profits was to be assessed. The Bill before us entirely lacks this broader vision. I would ask Honourable Members who will sit on the Select Committee to take this into consideration. This is a most important point that they have to take into consideration, namely, six years' losses, while nothing of the kind has been done here. Here money is wanted, whether you can pay or not. In India the shipping industry is the only industry that has been deprived of any measure of protection all these years it is struggling to develop. It has had to fight, and is still fighting, against heavy odds. It has yet to reach that consolidated position of security which a key industry like shipping is enabled to reach in other countries with the active help of the Government themselves. This Bill is bound to leave the shipping industry in a crippled position for many years to come, if not for ever, at a time when British shipping has to seek the assistance of neutral shipping for meeting the requirements of the country. They do not give us any help, they do not increase our Indian shipping, but they go to a neutral country and take only neutral ships. But they will not raise a little finger of theirs to improve Indian shipping, to increase our Indian shipping, to assist Indian shipping, to help them in time of need, but they go to a neutral country and ask, give us your shipping. What a shame! What happened in England is tersely summarised in the Annual Report, page 81, of the Chamber of Shipping of the United Kingdom 1937-38.

"National Defence Contribution. The Government's proposal to reimpose an Excess Profits Duty under the name of National Defence Contribution caused grave anxiety to shipping in common with other industries. The tax in the form proposed would have produced great injustice and inequality as between one taxpayer and another, it threatened serious injury to many just emerging from the depression and would have involved grave administrative difficulties and expense in the valuation of capital. The Industry therefore in co-operation with other commercial interests, after drawing attention to these considerations and making it clear that Industry in general was fully prepared to find the sum required by the Government urged the adoption of a simpler and more equitable form of taxation.

After full discussion in Parliament, the Government accepted these proposals and the tax as adopted fully met the views of shipowners. In particular, it preserved the principle of income-tax practice of allowing carry forward of all arrears of depreciation as well as six years' losses before the amount of profits is ascertained,

a point of special importance to the Shipping industry, who must rely upon good times to make up arrears of depreciation accumulated during depression”

I ask Honourable Members to take note of this. This is how Indian shipping will suffer if the Honourable Members who serve on the Select Committee do not take into consideration what has been done in England. It also indicates the line to be pursued in introducing exceptional taxation of this kind in the circumstances which the country has been facing.

The unanimous opinion of the Indian Chambers in India is that this is not the time to introduce this Bill. They have unanimously protested against this Bill. They say they have no objection provided they can recover from the serious losses of the last ten years and they are given a chance to throw off at least a portion of the losses. India has received war orders only the other day, and, after all, what is the total value of that order? I say that this is not the time to come to this Honourable House and ask for a Bill of this kind to be passed. I know that the Honourable Member will not listen to what the commercial people have said. May I beg of him to take into consideration what I have said? Make it as mild as you can, but do not put it into force for another year. Sir, I have done.

**Mr. Muhammad Nauman** (Patna and Chota Nagpur *cum* Orissa-Muhammadan) Mr. President, there is no denying the fact that every additional taxation is looked with contempt and reluctance in any country. We certainly know that we are living under unusual conditions of emergency, the conditions of war which may decide not only the present factors but also the fate of the future generations by constitutional changes. It has been presumed in the Excess Profits Bill that these unusual conditions may help the commercial community to make huge amounts of profits. This has induced Government to come forward with a measure for dividing that part of the profit by half, but no provision has been made or contemplated if and when such people incur heavy losses owing to the same unusual conditions prevailing and under which we live. If the prospect of making huge profits is there, there is equally the possibility of making huge losses. Is Government prepared to give an assurance that in case these commercial houses make more than the usual amount of losses the Government will make good those losses by any contribution from the Central Exchequer of the Government of India. If the Government claim to be a national Government and if they say that they have the good of the people at heart and if they want to have a share of the profit made by the Indian people, then they must also come forward and say that they are prepared to make good the losses that may be incurred owing to the emergency conditions in which we are living.

The theory of social justice has been propounded by the Government, I think the less said about it the better. The Government, as it is constituted today, should not talk of socialism and social justice. I will be prepared to hear this from some Russian dictator or somebody believing on their new order but not from a Government which believes in democratic principles. Dr. Banerjee said just now that he believes that the excess profits should be cut out. I do not agree with him also when he wants to distribute it to labour and the consumer. Unfortunately he did not give out any concrete method of distribution as to how it should be done. I think in India capital has been shy. People have taken to industrialisation only very late and this is not the time when the investments should be crippled. Measures like this as proposed in the Bill

[Mr. Muhammad Nauman.]

before us would not encourage people in any possible way. Then Dr. Banerjee said that no case has been made out for extra expenditure and the Honourable the Finance Member should have at least given a scheme or proposal as to what he wants this money for. Does the Honourable the Finance Member want to tax the people because he cannot tolerate Indian people making money? Is it the idea that he does not want to see people get rich in India? Does he not want that this country should be in a better economic condition? He does not bring forward any proposal to say as to why they want this extra money. He has not defined any conditions which compel this country to bring in more finances. The only thing he said is this I must make the people pay half the portion of the excess profits made on account of the emergency conditions prevailing as a result of war I am afraid I cannot agree with him. I think it is time that the capital of this country is given full opportunity and even some special encouragement. What is the reason for bringing this Bill, is it to avoid the danger that in case the industries of this country develop during war time it may become difficult for foreign industries later on to compete with Indian industries with immense resources that Indians have got behind them? Is that the idea? What is the idea really? Government ought to have come with plain facts as to why they want a measure like this at this moment. India wants to make hay while the sun shines. It is a good time to develop her industries, to make all sorts of experiments in industrial pursuits when other people are busy otherwise. This is the time when we can make our industries strong and we can gain more experiences in producing finished products out of our raw materials. Japan made a fortune in the last war of 1914 and why should that be refused to India if we can make same this time? Do Government realize that we would not in any way be a party to any measure which does not aim at a policy of real sympathy with this country and the future development of this country? I do not want to dwell on the question of the war at all because this is not directly concerned with this, but I want a reply from the Government in this particular connection. What is the real motive behind it? Is it their policy of keeping our raw materials at the lowest level so that they may be able to purchase them at the lowest prices?

**An Honourable Member from the Government Benches:** No, no.

**Mr. Muhammad Nauman:** If that is not the idea, why do not they make the position clear? Sir, in that case we, who are the well-wishers of India, would not tolerate this sort of thing. If we can have better prices for our raw materials because other people cannot get raw materials at the moment, we cannot allow ourselves to be kept at the lowest level of prices. My Honourable friend, Sir Abdul Halim Ghuznavi, has already given out details how the news had adversely affected Indian markets and I do not want to give out details of how fluctuations in prices took place as soon as the rumour was out, but I would just point out that the depth of the feeling of the people can be seen from the fact that the jute market in Calcutta dropped down by about Rs. 30 to a bale in one single hour. The price of jute fell from Rs. 104 to about Rs. 74 and of 9 Poster Hessian from Rs. 21 to Rs. 14, and the same happened with cotton. This also happened but not so drastically with hides and skins where we were selling Heavy Salted Cow hides at about Rs. 6 per piece and this

was brought down to Rs. 4 and Rs. 3-8. That was on the rumour that such a measure was to be brought in. Now as soon as this Bill of "Excess Profit" comes into operation, the capitalist will feel shy and will say, "Oh! we invest our money and we take all the risk and when the profits have been made, we have got to contribute a half of it to the Exchequer who will not do anything for us." This is the fundamental opposition as I have described by all the commercial organisations and chambers. I think nobody can feel that this measure is at all suited to the country, unless the Finance Member explains himself and makes out a case that it is not for those reasons that I have suggested that he has come out with this measure but only in order to meet a tangible financial necessity of this country; and that the Exchequer finds itself in a difficulty to make both ends meet, and the people of this country have got to contribute from somewhere whether they like it or not. Then only we can be in a position to say where we can give our sanction, either approve this particular measure or suggest something else. Unless the Government of India are prepared to take us into their confidence and explain to us the real position and the necessity, we would not be a party to it. Of course, I am saying this without any commitment on my part so far as my Party, the Muslim League, is concerned because we have not considered same in a Party meeting as yet, but I am expressing this point of view only in my individual capacity and I would only commend to the House a serious consideration of the position here and I would request the Government of India to convince us of circumstances and situation and try to let us feel that the measure has been brought in extreme necessity and on account of certain particular situation in India which at least I have not been able to realize at all as yet. If, of course, the Government of India can convince us of the necessity, we may agree, but as it appears from the Bill itself, I am not convinced that this measure is opportune. With these few words, I resume my seat.

**Babu Baijnath Bajoria:** Sir, I had expected that the Honourable the Finance Member would give us very cogent reasons for introducing this measure and for referring it to a Select Committee, today, as in the Statement of Objects and Reasons those that are given are very vague and are not convincing at all. I had expected that he would give us an idea of what additional money is required for the defence services. He may not have given us Budget figures or anticipated his Budget proposals but he might have told us what the additional expenditure on these services would be as compared with the expenditure before the war, as that would have enabled us to gauge the imperative necessity of such a drastic measure. But, unfortunately, he has kept silent over this important matter. Again, Sir, he has not given us any idea of what amount is expected from this measure. Sir, I shall read a few lines from the Statement of Objects and Reasons. It says:

"The object of this Bill is to secure for the Government a considerable portion of the additional business profits which accrue as a result of the conditions prevailing during the war."

I think, Sir, it means that because people have made more money, so they must part with one-half of it to the Government. I do not think that is fair. If there are other urgent reasons, if the State wants this extra money for national purposes, well, there might be reasons for that, but we have not been taken into confidence in that matter and we are only

[Babu Bajjnath Bajoria.]  
asked to commit ourselves to the principle of this Bill today. I, however, for one cannot do that.

Then figures have been published of the revenues and the expenditure of the Government up to November, 1939, and these figures include three months of the period of the war, that is, September, October and November. These figures show that for the period from April to November there has been an increase in the revenues of the Government from Rs 58,15 00 000 in 1938-39 to Rs 61,62,00,000 in 1939-40, which means that there has been an increase in Government revenues during these eight months of about three and a half crores of rupees, whereas in the Budget, they expected that there would be a deficit of Rs 30 lakhs during the whole year. So they are about four crores better off as far as their revenues are concerned. Then, they say, that they want extra money for defence and other services, it presumably means that they are spending more on those services, but the figures which have been published do not at all show this. On the contrary the figures for defence services show that there has been much reduced expenditure on defence services. Up till November the net expenditure on defence services was Rs 28,18,00 000 against Rs. 29,85,00,000 during the corresponding period of last year, which shows that they have spent about one crore and seventy lakhs less during this year than they spent during the last year, and the total expenses also which have been charged to revenue are over three crores of rupees less, and also the expenditure not charged to revenue has also been two crores of rupees less. So, from these figures which have been published in the *Gazette of India* we find that the Government have been better off as far as their revenues are concerned by about four crores of rupees and they have been better off also inasmuch as they spent much less, by about three crores *plus* two crores, or five crores. So, if this is any indication of their revenue position, then, Sir, I would say that this Bill at the present moment is most inopportune. Until and unless we know that they have been spending crores of rupees over what their expenditure was last year, how on earth can they come here with a proposal of this nature and say that "we want more money for war purposes?" I think the Honourable the Finance Member will give some elucidation on this point when he replies to this debate. It has been said in clause 3 of the Statement of Objects and Reasons

"The Bill contains necessary provisions for computing profits and capital, and these provisions follow closely those of the excess profits tax imposed in the United Kingdom by the Finance (No. 2) Act of 1939."

So, the Government of India are following closely what the United Kingdom is doing during the period of war. But, Sir, are the conditions in England and in India the same during the period of war? It is a question of life and death for England. England is fighting the struggle herself for her very existence, but is it so in the case of India? India is only a belligerent country indirectly simply because of its connection with the British Empire. Of course, as a part of the British Empire India should help England to crush Germany and all that Nazism stands for. Still, it is one thing when one is fighting for one's life and quite a different thing when one is trying to help somebody else. So, the conditions are entirely different and there can be no comparison whatsoever. As regards the expenditure, I have already stated what the position of



the Government of India has been. They are much better off. Now, what is the case in England? On November the 22nd, Sir John Simon, the Chancellor of the Exchequer, in his broadcast on "paying for the war" said that the war was already costing Britain six million pounds daily. A week later, in the House of Commons, he said:

"Our expenditure on war and other services is now at a rate equivalent to 2,400 millions yearly, an increase of about two-thirds of the rate at which we were previously spending"

He added:

"If the struggle develops, the expenditure on shells and other requirements would be considerably greater"

In Great Britain, the expenditure has gone up by two-thirds of what they were spending before the war started. The same is not the case with the Government of India. This expenditure is being incurred there when, as a matter of fact, there has been no actual face to face fighting. When there will be face to face fighting, the expenditure will be much greater than the figure which has been given by the Chancellor of the Exchequer. So, it is an absolutely ridiculous comparison to say that we are levying this tax because such a tax has been levied in England.

Sir, the mere publication of this Bill has created a panic in all the markets and the profits which the Honourable the Finance Member wants to tax have already been dissipated by 50 per cent. When the previous Excess Profits Duty Bill was levied in 1919, the then Finance Member, Sir James (now Lord) Meston, said, that both the super-tax and the excess profits tax will not be levied and they made a special provision for that. I shall only read a few lines and the big volume of this book need not frighten the Honourable Members. This is what Sir James Meston said on the 19th February, 1919:

"First of all, it is recognised that the super-tax was a rough-and-ready substitute for a tax on war profits and that it would be inequitable to levy both these duties from the same individual or firm. The necessary steps will accordingly be taken to secure the relief from one tax to every assessee who pays the other"

But, unfortunately, the present Finance Member has trodden roughshod on this recognised principle of his predecessor. In my opinion that principle ought to be adhered to. Either the excess profits tax should be levied or the super-tax should be levied. I realise that this excess profits tax will be levied only on the excess profits and not on the whole income but I will try to show that the rate is not exactly 50 per cent. of the excess profits that will be paid by the assessee but over 75 per cent., taking the very instance which the Honourable the Finance Member quoted this morning about a company making 12 lakhs profit instead of 10 lakhs. It will mean that that company will have to pay one lakh as excess profits duty and on the balance of excess profit which it has made it will have to pay income-tax at the rate of 2 annas and 6 pies and a corporation tax of one anna. So, it will have to pay practically 4 annas on another lakh of rupees. So, it will come to Rs. 1,12,000 or something like that. It is not 50 per cent. of the excess profits which is to be paid but much more than that. Sir Homi Mody has explained in details what the effect of it will be on the industrial development of the country. There is no doubt that if this Bill is passed there will be very little enthusiasm left amongst the businessmen to come forward with new industries. I

[Babu Baijnath Bajoria]

may be wrong but I have got this in my mind that this Bill has been introduced for the purpose of protecting the industries of England. It may seem ridiculous on the face of it but I will explain it in a few minutes. What happened during the last war? When the people here made money, that money was spent on the industrial development. New industries sprang up which enhanced the material benefit of both the businessman and the country at large. At the present moment the idea seems to be that no excess profits are to be made and whatever excess profits are made, a major portion of them should go to the coffers of Government. That means that no reserve should be made so that without that reserve when the time comes for investing in further machinery or further mills, there will not be any money to be had. This will cripple the industry of the country. I do not know whether that is the intention of the Government. As I already said, this Bill will only help the growth of the industry in England.

**Mr. President** (The Honourable Sir Abdur Rahim). The Honourable Member can continue his speech on the next official day. The Assembly will now adjourn till tomorrow.

The Assembly then adjourned till Eleven of the Clock on Wednesday, the 7th February, 1940.

# LEGISLATIVE ASSEMBLY

*Wednesday, 7th February, 1940*

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr President (The Honourable Sir Abdur Rahim) in the Chair

## STARRED QUESTIONS AND ANSWERS

### (a) ORAL ANSWERS

#### MONUMENTS IN SIND

**12. \*Mr. Lalchand Navalrai:** (a) Will the Secretary for Education, Health and Lands be pleased to place on the table of the House a list of protected monuments and also a list of unprotected monuments in Sind which are of archaeological and historical interest?

(b) Are there any British monuments protected in Sind like those in the United Provinces?

(c) If so, does he propose to place on the table a list thereof?

(d) Are Government aware that there is a very ancient monument called 'Tajar' in Tajar Baugh at Larkana, now called 'Rijhu' garden, which is painted in colours of ancient type? If so are Government prepared to bring it on the list of protected ancient buildings of archaeological and historical interest? If not, why not?

**Sir Girja Shankar Bajpai:** (a) A list of protected monuments in Sind is placed on the table of the House. No complete or authoritative list of unprotected monuments is available

(b) No.

(c) Does not arise

(d) The monument in question is reported to be an eighteenth century construction of no architectural importance or historical significance. The few traces of painting in the building are of no particular merit. Government do not, therefore, propose to declare it a protected monument under the Ancient Monuments Preservation Act.

*List of protected ancient monuments in Sind.*

Serial No.	District (Revenue)	Locality.	Name of monument.
1	Hyderabad	Hyderabad	Tomb of Gulam Shah Kalhora
2	Do	Do.	Tomb of Gulam Nabi Khan Kalhora.
3	Do.	Do	Tomb of Sarfaraz Khan Kalhora.
4	Do.	Do.	Harem of (Talpur) Mirs in the Hyderabad Fort
5	Do	Badm	Rums of old city at Badm (Southern half of No. 59)
6	Do	(Gaja) a few miles from Tando Muhammad Khan.	Buddhist stupa
7	Do.	Do.	Two enclosures containing tombs of Talpur Mirs
8	Nawabshah	Village Mir Rukan	Thul or Buddhist stupa.
9	Do.	Deh of village Nur Mohammad (about 7 miles off Daulatpur)	Tomb of Nur Muhammad Kalhora.
10	Do	Shahpur	Kuba Mir Shahaded.
11	Karachi	Tatta	Dabgir masjid
12	Do	Do	Jami Masjid.
13	Do	Do	Jam Nizammuddin's tomb
14	Do	Do	Baradari
15	Do.	Do	Nawab Amir Khalil Khan's tomb.
16	Do	Do	Nawab Isakhana's tomb
17	Do.	Do	Nawab Surfa Khan's tomb
18	Do.	Do	Tughral Beg's tomb
19	Do.	Do	Mirza Jani Beg's tomb.
20	Do.	Do	Tombs of Zenana of Nawab Isakhan.
21	Do	Do.	Mirza Isakhan's tomb.
22	Do	Do	Kalan Kot
23	Do.	Mirpur Sakro (Bhambor)	Sasum-jo-Takar
24	Do.	Do	Jam Bijar fort
25	Do.	Tatta	(1) Stone tomb with a dome on stone pillars by the side of Mirza Jani Beg's tomb
26	Do.	Do	(2) Brick masjid and enclosures near Nawab Surfa Khan's tomb, supposed to be the tomb of Sayad Amir Khan.
27	Do.	Do	(3) Large brick dome near Khalil Khan's tomb.

Serial No.	District (Revenue)	Locality.	Name of monument.
28	Karachi . .	Tatta . .	(4) Stone tomb with enclosure to the south of Mirza Isakhan's tomb.
29	Do. . .	Do. . .	(5) Tomb with enclosure to the north of Mirza Isakhan's tomb
30	Do. . .	Do . .	(6) Brick tomb near the tomb of Auha Pir
31	Do. . .	Do . .	(7) Tomb with superstructure on stone pillars to the north of the tomb of Jam Nizam-ud-din.
32	Do.	Do.	(8) Brick structure to the north of the tomb of Jam Nizam-ud-din
33	Do . . .	Do. . .	(9) & (10) Two pavilions on stone pillars over tombs to the south-west of tomb of Jam Nizam-ud-din
34	Do. . .	Do. . .	(11) Tomb of Mubarak Khan, son of Jam Nizam-ud-din to the west of No. 9.
35	Do. .	Do .	(12) Brick dome to the north of the tomb of Mubarak Khan.
36	Do . .	Do . .	(13) Tomb and compound wall of yellow stone at a distance from and to the south of the tomb of Jam Nizam-ud-din
37	Do. . .	Do. . .	(14) Tomb and enclosure to the south-west of No. 13
38	Do . . .	Do . .	(15) Tomb and enclosure to the west of No. 14
39	Do. . .	Do . .	(16) Brick dome to the south of No. 15.
40	Do . . .	Do. . .	(17) Tomb and compound wall of yellow stone to the south of No. 16.
41	Do . . .	Between Landi and Sanro	Chaukhandi tomb.
42	Do . . .	Khudabad . .	Tomb of Yar Muhammad Khan Kalhora (and its adjoining masjid.)
43	Do. . .	Do . .	Jumma masjid
44	Do	Sehwan	The fort.
45	Larkana	Mitho-daro . .	Jhukar mound.
46	Do. . .	Near Dhamraho . .	Square tower.
47	Do. . .	Deh Dhamraho . .	Three groups of mounds known as Dhamraho Dero.
48	Do. . .	Larkana	Tomb of Shah Baharo.
49	Sukkur . .	Rohri . .	Shrine known as Satyan-jo-than.
50	Do . . .	Sukkur . .	Mir Masum's minars
51	Thar & Parkar	Mirpurkhas S No 7.	The main Buddhist stupa 150' x 150' square piece of land with various other small votive stupas, rooms, platforms, 239' x 150' x 195' triangular piece of land.
52	Do. . .	Bhodesar	A stone mosque with white marble pillars.
53	Do. . .	Do. . .	Temple I.
54	Do. . .	Do. . .	Temple II.

Serial No.	District (Revenue)	Locality.	Name of monument.
55	Thar & Parkar	Bhodesar	Temple IV
56	Do . . .	Virawah	Jain temple.
57	Do .	Naokot . . .	Fort.
58	Do .	Umarkot .	Fort.

**Mr. Lalchand Navalrai:** Will the Honourable Member ask the Provincial Government to find out those monuments which require protection?

**Sir Girja Shankar Bajpai:** I do not think it is necessary to do that, because our Superintendent in charge of that Circle is on the look out for monuments which deserve protection

**Mr. Lalchand Navalrai:** Does he make a report every year as to the monuments which should be protected?

**Sir Girja Shankar Bajpai:** That is part of his business

**Dr. Sir Ziauddin Ahmad:** Is it done all over India, and not in Sind alone?

**Sir Girja Shankar Bajpai:** Yes, Sir

#### MONUMENT CALLED "SHAH BAHARO" NEAR LARKANA IN SIND.

**13. \*Mr. Lalchand Navalrai:** Will the Education Secretary be pleased to state if a monument called "Shah Baharo", near Larkana, has been put on the protected list? If so, why has its repair been delayed? and when is it likely to be taken in hand?

**Sir Girja Shankar Bajpai:** The tomb of "Shah Baharo" was notified as a protected monument in July, 1939. Steps are being taken for its conservation, and the repairs will be executed as early as practicable in the new financial year.

**Mr. Lalchand Navalrai:** May I know when that is going to be, as it has waited very long?

**Sir Girja Shankar Bajpai:** It has not waited very long. Actually it was only in November that the *mutwali* signed an agreement making over the monument to Government.

## IMPORT OF UNLICENSED RUBBER FROM BURMA.

14. **\*Mr. F. E. James:** Will the Honourable Member for Commerce and Labour be pleased to state .

- (a) whether, in spite of the provisions of the International Rubber Regulation Agreement, whereby an increased quota is allotted to Burma in the event of unlicensed rubber from Burma to India being prohibited, unlicensed rubber is still being imported into India from Burma;
- (b) if representations from the rubber producers of South India have been received recommending the prohibition of unlicensed imports of rubber from Burma,
- (c) what are difficulties in the way of the imposition of such a prohibition by the Government of India; and
- (d) what steps are being taken to overcome these difficulties?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** (a) The provisions of the Agreement referred to by the Honourable Member enable Burma to claim an addition of 3,000 tons to her basic quota in the event of her exports of unlicensed rubber to India being absolutely prohibited. They do not *require* that imports of such rubber into India should be prohibited, nor has any such prohibition been imposed

(b) Yes.

(c) Any such action would be contrary to the terms of the India and Burma (Trade Regulation) Order, 1937.

(d) Government have under active consideration, in consultation with the authorities concerned, the question of the feasibility of suitably amending the Trade Regulation Order

## COMPULSORY NATIONAL SERVICE FOR EUROPEAN BRITISH SUBJECTS IN INDIA.

15. **\*Mr. F. E. James:** Will the Honourable the Leader of the House be pleased to state :

- (a) whether his attention has been drawn to the resolution which was passed by the All-India Council of the European Association in December, 1939, which reads as follows

“The Council urges the early introduction of compulsory National Service for European British subjects in India so that they may be on the same basis as Britons elsewhere in the Empire and in order that the incidence of National Service may be equitably distributed amongst them.”  
and

- (b) when the necessary ordinance will be promulgated which will render liable for national service all European British subjects in India between the ages of 16 and 50 and give statutory recognition to the National Service Advisory Committees which have already been set up in consultation with the Defence Co-ordination Department and are functioning on a voluntary basis?

**The Honourable Sir Muhammad Zafrullah Khan:** (a) Yes.

(b) The matter is under consideration and an early decision is hoped for.

**Maulvi Abdur Rashid Chaudhury:** With reference to part (b) of the question, may I know whether any Ordinance is going to be promulgated rendering liable for national service all Indians between the ages of 16 and 50?

**The Honourable Sir Muhammad Zafrullah Khan:** That does not arise out of this question

#### DEVELOPMENT OF THE RESOURCES OF INDIA TO MEET WAR SUPPLY REQUIREMENTS.

16. **\*Mr. F. E. James:** Will the Honourable the Leader of the House be pleased to state what active steps are being taken to develop the resources of India so as to meet war supply requirements, more especially with regard to the supply of chemicals essential for industry and hitherto imported into this country?

**The Honourable Sir Muhammad Zafrullah Khan:** The War Supply Board is concerned only with developing and safeguarding the position with regard to industries that are or may be concerned with supplies needed for the prosecution of the war. In that capacity they have, in collaboration with leading industrialists, arranged for the production of various specifications of jute and cotton textiles not ordinarily made in India, and have taken steps to expand the production of the woollen industry. The manufacture of new kinds of steel, of barbed wire and of copper is being encouraged and investigations are being carried out for the production or expansion of the production of aluminium, and of various dyestuffs and heavy chemicals required for war supplies. At all stages assistance is being given to firms to secure the raw materials, machinery or personnel essential to the development of war industries. A great expansion in the scope of the Ordnance Factories, both in total output and in the variety of their products, is being carried out, and the co-operation of the railway workshops and of civil engineering industry is being secured. With regard to the particular question of chemicals, to which the Honourable Member has referred, the position is that so far as the heavy chemicals required in the production of war supplies is concerned, the Supply Department is working in active co-operation with Imperial Chemical Industries (India) to ensure a continuance of supplies from abroad in cases where they cannot be made available from indigenous sources. From the purely war supply point of view, it is usually impracticable to neglect the securing of such supplies by importation in favour of the erection of extensive plant in India because the latter would probably not come into production during the war.

2 Regarding other chemicals required for the promotion of industries not directly concerned with war supply, but which present opportunities for development owing to war conditions, the position is that their development is primarily a responsibility of the Provincial Governments. The question of the extent to which assistance can be given and advantage taken of the present position is, however, under the consideration of the Honourable the Commerce Member, as a result of discussions at the last Industries Conference.



**EFFECT OF THE LAND PURCHASE BILL ON INDIANS IN BURMA.**

**17. \*Sir Abdul Halim Ghuznavi:** Will the Secretary for Education, Health and Lands be pleased to state

- (a) whether the Government of India were consulted by the Government of Burma about the Land Purchase Bill which was introduced in the Burma House of Representatives on the 29th August last;
- (b) whether Indian interests were consulted in the matter,
- (c) whether any inquiry was made as to how Indian owners of land in Burma will be affected,
- (d) whether Government are aware that apprehensions are felt that, under the guise of working the Act, steps will be taken to acquire lands owned by Indian land-owners;
- (e) whether the Government of India have made representations to the Government of Burma with a view to safeguarding the interests of Indian land-owners;
- (f) whether Government are aware that there is considerable dissatisfaction about the method of computing and granting compensation proposed in the Bill,
- (g) whether they are aware that in the Bill it is proposed to oust the jurisdiction of the Civil Court in regard to land purchase proceedings;
- (h) whether the Government of India have made representations with a view to modifying the provisions in conformity with public opinion in the matter;
- (i) whether the Government of India have considered that the Land Purchase Bill is likely to disturb the trade relations between the two countries;
- (j) whether they propose to suggest the postponement of such a measure till the question of trade relations is discussed, in the very near future, and
- (k) whether the Government of India are prepared to recommend a thorough examination of the position by a representative committee of Indians and Burmans before launching legislation?

**Sir Girja Shankar Bajpal:** (a) The Government of India were not consulted by the Government of Burma before the Bill was published, but arrangements have been made for their views to be placed before the Government of Burma through their Agent

(b) The Government of Burma have taken steps to ascertain Indian opinion in Burma

(c) This will doubtless be brought out in the consultations that have been set afoot. To the knowledge of the Government of India, the only recent inquiry into the land question was by the Burma Riots Inquiry Commission which found that half the agricultural land in lower Burma

is occupied by non-agriculturists and in the 13 principal rice growing districts of Lower Burma, 25 per cent. of the land was held by the Chettiar community in 1937.

(d) Yes

(e) to (h). Yes.

(i) The question calls for an expression of opinion

(j) No

(k) The Bill has already been referred to a Select Committee and also circulated for eliciting opinion which the Government of Burma propose to place before the Select Committee. The suggestion for an *ad hoc* committee of the kind recommended by the Honourable Member appears to be too late now.

**Dr. Sir Ziauddin Ahmad:** With reference to part (i) of the question, may I ask whether the Government of India communicated to the Government of Burma the view that such a Bill would create great agitation among the Indians in Burma?

**Sir Girja Shankar Bajpai:** I am quite sure that it is the possibility of Indian adverse reactions to the Bill which has led the Government of Burma to circulate the Bill to the interests concerned for an expression of their opinion.

**Dr. Sir Ziauddin Ahmad:** But did the Government of India convey to the Government of Burma the feelings of the Indians on this point?

**Sir Girja Shankar Bajpai:** The Government of India have placed before the Government of Burma those points, and placed them with arguments, on which the Indian community in Burma feels strongly

#### APPOINTMENT OF A PUBLICITY OFFICER FOR THE SUPPLY DEPARTMENT.

**18. \*Dr. Sir Ziauddin Ahmad:** (a) Will the Honourable the Leader of the House please state whether the Government of India recently appointed a Publicity Officer in connection with the Supply Department?

(b) Was the sanction of the Finance Department obtained for such appointment?

(c) Did the Government of India, before making the appointment, consider the question of utilising the services of the Publicity Information Bureau for this purpose?

**The Honourable Sir Muhammad Zafrullah Khan:** (a) No.

(b) and (c). Do not arise.

†19\*.

† This question has been postponed to be answered on the 13th March, 1940.

SUMMARY OF CONVERSATIONS OF THE LEADER OF THE HOUSE WITH  
BRITISH OFFICIALS *RE* WAR, ETC.

**20. \*Dr. Sir Ziauddin Ahmad:** Will the Honourable the Leader of the House lay a statement on the table of the House or make a statement in the House on such date as may be convenient to Government about his experience as delegate to the Conference of Members of the Dominions and India and a summary of his conversations with British officials, to the extent they are not of a confidential nature, in connection with the war, and the contemplated constitutional changes, if any?

**The Honourable Sir Muhammad Zafrullah Khan:** I do not think it would be in the public interest to make any such statement or to lay it on the table as the conversations were of a confidential nature.

REPORT OF SIR LEONARD WOOLLEY ON ARCHÆOLOGY.

**21. \*Dr. Sir Ziauddin Ahmad:** (a) Does the Education Secretary propose to circulate among the Members of the Legislative Assembly the report of Sir Leonard Woolley on Archæology?

(b) Do Government propose to assign some time for the discussion of the report?

**Sir Girja Shankar Bajpai:** (a) Copies of the report have been placed in the Library of the House.

(b) No.

**Dr. Sir Ziauddin Ahmad:** As the time fixed for the budget has been curtailed from five days to three, what opportunity will we have of discussing it?

**Sir Girja Shankar Bajpai:** I am not in a position to say whether my Honourable friend would be able to raise the issue of the report on the budget discussion, but, as he is aware, there are three days allotted for Resolutions, and it is open to him to table a Resolution, of which I have not seen very many so far.

**Mr. N. M. Joshi:** Will the Honourable Member circulate the report to the Members of the Assembly?

**Sir Girja Shankar Bajpai:** The report is of a somewhat technical nature, but I shall be happy to supply copies to any Honourable Members who are interested.

**Mr. N. M. Joshi:** May I suggest that a copy should be sent to me?

**Sir Girja Shankar Bajpai:** I will hand it over to him now.

**Dr. Sir Ziauddin Ahmad:** I will also want a copy.

**Sir Girja Shankar Bajpai:** I will send one to my Honourable friend.

**PROCEEDINGS OF THE LABOUR CONFERENCE AND THE PRICE CONTROL CONFERENCE.**

**22. \*Dr. Sir Ziauddin Ahmad:** (a) Will the Honourable the Commerce Member be pleased to lay on the table of the House the proceedings of the Labour Conference and the Price Control Conference, held in Delhi in the last week of January, 1940?

(b) What are the main recommendations of the Conference? What action, if any, do Government propose to take on such recommendations?

(c) Was the Conference attended by persons other than the officials of the Provincial and the Central Governments?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** As regards the Labour Conference, the replies are .

(a) The proceedings are now being printed. They will be published as a Bulletin of Indian Industries and Labour, and copies will be placed in the Library of the House in due course.

(b) I would refer the Honourable Member to the Bulletin to which I have referred and which is expected to be published in the near future. The recommendations of the Conference will be examined in due course.

(c) Yes, by representatives of the Governments of Gwalior and Baroda.

As regards, the Second Price Control Conference, the replies are :

(a) and (b). The proceedings were confidential in character, but I shall be prepared to lay on the table of the House the conclusions of the Government of India on the recommendations made by the Conference, along with the recommendations themselves, after Government have reached final decisions on them.

(c) The Conference was attended also by representatives of certain Indian States, but not by any non-officials.

**Mr. N. M. Joshi:** Will the Honourable Member circulate the proceedings of the Labour Conference to Members of the Assembly?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** It will be published in the Bulletin of Indian Industries and Labour.

**Mr. N. M. Joshi:** My point was that they should be circulated to Members of the Assembly.

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** I shall consider that.

**Dr. Sir Ziauddin Ahmad:** May I ask whether we will have a copy of the proceedings of both the Conferences—the Labour Conference as well as the Price Control Conference?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** I shall consider that.

### CREATION OF A NEW POST OF CONSULTING ENGINEER IN THE CENTRAL PUBLIC WORKS DEPARTMENT.

**23. \*Dr. Sir Ziauddin Ahmad:** (a) Will the Honourable the Labour Member be pleased to state whether Government is contemplating to create a new post of Consulting Engineer in the Central Public Works Department?

(b) What will be his salary, and for what period is he being appointed?

(c) Will the selection be made by the Public Service Commission after advertising the post?

(d) Has the sanction of the Finance Department been obtained for the creation of this new post?

(e) What will be the relation between the Consulting Architect and the Chief Engineer?

(f) Will his post be above or below the post of the Chief Engineer of the Central Public Works Department?

(g) What are the new buildings which are likely to be constructed during the financial year 1940-41 for which the appointment of the Consulting Engineer is considered to be necessary?

(h) Is the existing staff insufficient to cope with the work under consideration?

(i) Can the object be attained by increasing the cadre by one Executive Engineer?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** (a) to (i) The Government of India are contemplating the creation of a temporary post of Consulting Engineer in the Central Public Works Department, but have not yet come to final conclusions. I would, therefore, request the Honourable Member, if he so desires, to repeat his question later in the Session.

### THE PRESS AND REGISTRATION OF BOOKS (AMENDMENT) BILL

**Mr. Lalchand Navalrai** (Sind Non-Muhammadan Rural) Sir, I move

"That the Bill further to amend the Press and Registration of Books Act, 1867, be circulated for the purpose of eliciting opinion thereon"

I am making a very modest request that this Act which has been in existence very long now requires to be amended. We seem to be in a holiday mood today. The three Bills on the agenda before this Bill have gone off and not moved, and my Bill will not take very long. It is fortunate that my Bill has been taken up, but I am a little surprised as I did not know till now that the previous Bills would go off the list. I expected that the very first Bill would take the whole of today or even two days.

I shall request the House to help me and see what exactly I want

**An Honourable Member:** No, no

**Mr. Lalchand Navalrai:** You want the press to remain as it is? Many a time the Government have been assailed by that press which they gag under the Criminal Law Amendment Act, and yet they do

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not want this very sensible amendment to be made to improve journalism. So far journalism has done a lot of good, but there is a section of the press which is doing harm to the country, and it is from that honest and *bona fide* motive that I am putting forward this Bill, and I am sorry that there should be even one Member here who should say that this Bill should not be passed. This Bill seeks to amend a very old Act—an Act of 1867. If this Bill is passed, there will not exist any rabid press for misleading the labourers and others, but sensible presses, and if there be strikes, they will be advised through a cultured and responsible press instead of some present day presses which incite them and do harm. In this old Act, Act XXV of 1867, we find how presses are established and how printers and publishers are created. Section 4 will show what I mean. It says

“No person shall within British India keep in his possession any press for the printing of books or papers who shall not have made and subscribed to the following declaration before the magistrate within whose local jurisdiction such press may be.”

What is required is this: if a man wants to establish a press, he should only get into the office of a magistrate and there make a declaration. What that man is, what his character is, whether he has any cultural or educational qualification or not, we need not know. He need show no credentials that he has undergone any training in journalism. Nothing absolutely. Any man who has no good account to give at all can get into the office of a magistrate, make a declaration and instal himself as the owner and proprietor of a press. Now, what kind of declaration has he to make? I will just read out to the House the declaration he has to make. “I, such and such man, have a press for printing at such and such place.” First he says he is the owner, then he has to give a true and precise description of the place where his press will be situated. These are the only two conditions which he has to fulfil, and as soon as he makes the necessary declaration and fulfils these two conditions, he goes out and becomes a big man owning a press for himself and having under him some printers and publishers and editors to sit on the destinies of India.

Then, Sir, there is another section here, section 5, which relates to the printer and publisher. Here also,—any person who has not even passed any examination or who does not possess even elementary knowledge of things can declare himself as the printer and publisher. Under clause 5(2) the printer and publisher of every such newspaper shall appear in person or by agent authorised in this behalf in accordance with rules made under section 20 before a District, Presidency or Sub-Divisional Magistrate within whose local jurisdiction such newspaper shall be printed or published or the printer or publisher resides and shall make and subscribe in duplicate a declaration. That declaration is similar to the one under clause 4, and so I shall not read it. Now, these are the only two conditions that he has got to fulfil. There is some proviso to this section 5, and that says that no minor can be an editor or printer or owner. That proviso reads thus:

“Provided that no person who has not attained majority in accordance with the provisions of the Indian Majority Act, 1875, or the law to which he is subject in respect of the attainment of majority shall be permitted to make the declaration prescribed by this section, nor shall any such person edit a newspaper.”

Now, the only restriction imposed here is that he should not be a minor, but if a person is a minor in his intellect or even if he is half idiot he can be an editor or a printer of a newspaper. I don't mean thereby to suggest that we have many such people in India; there is a section of that nature also. But I do feel that there ought to be some suitable provision. Editors of newspapers should not fly at me, because I am sure they will agree with me that I am doing them good by my Bill, because only the cream of journalists . . .

**The Honourable Sir Muhammad Zafrullah Khan** (Law Member): Will you get the cream by this Bill?

**Mr. Lalchand Navalrai**: Won't I?

Now, Sir, I feel there should be no opposition from the very commencement to a Bill of this character, because I am asking here only for the circulation of the Bill, and not that it should be passed at once. My submission is that this matter should be gone into, it should be discussed by the public, opinions should be sought, and I don't think that the House will regard my request as something very unreasonable. All that my Bill says that we should add one more proviso . . .

**Mr. N. M. Joshi** (Nominated Non-Official). As if there are not enough

**Mr. Lalchand Navalrai**: There is only one, and I want another to be added on, and it is this

—"provided further that no person who has been convicted of an offence involving moral turpitude"—

this is one qualification, and I don't think there will be any opposition to this even from the Government Benches, because if a man has been convicted of moral turpitude it means he has no character, but he goes before a Magistrate under the law as it stands and makes a declaration and he is permitted to carry on as a printer, publisher or editor of a newspaper, and this is certainly objectionable. There have been some comments in the press, and I am thankful to the press for having commented on my Bill and for making certain suggestions, but no objection has so far been taken to this part by the public press, nor do I think the Government will object to it, but still, that portion also should go out in circulation so that we may see what opinions we receive on it. Why should Government say that this Bill should not be circulated? This Bill is so innocent and modest that it should appeal to them. What do we find in England and other countries? We find there are certain restrictions imposed on journalists, although journalism there has reached such a high pitch that I wish journalism in India too reaches the same level. Now, Sir, the second portion of the proviso which I wish to add is this

"no person who has not an educational qualification of having passed at least a matriculation examination of any University in India shall be permitted to make the declaration prescribed by this section nor shall any such person edit a newspaper".

Now, some misunderstanding has arisen over the question of qualification of the person, and I am going to answer it. I want that editors of newspapers should have some educational qualification of having passed at least the matriculation examination of any University in India; only

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such people should be permitted to make the declaration prescribed by this section.

So far as the second qualification is concerned, I admit that there has been some comment in the press but they have misunderstood me. When I ask that the qualification should be the matriculation of any university I have put the words "at least". I do not say that it is only matriculation that should be the qualification. My object is this, that the person who enters this profession should be a qualified man in the sense that he should feel the responsibility, he should edit well, he should reflect public opinion in a manner which can be accepted, for, at present, I know there is a number of newspapers which many people only throw into the waste paper basket. The point I make is that improvement of journalism in India is necessary. Some of the editors in this country really meet the demand that I am making, and they are really as good as those in England or elsewhere. But not only in the mofussil but also in urban areas papers are started only for the purpose of livelihood. They get some advertisement, they get some help from some of the local municipalities, local boards and so on and some of the Government officers also, with whom they come in contact or who are interested in them, give them patronage and they live. Is that a good sign or a bad one? Journalism does not begin today. It began in 1867 or even earlier than that. I am asking for the improvement and development of journalism, and I cannot possibly minimise the usefulness of the press. I would, therefore, submit that so far as this qualification is concerned, let it be fixed. I know there are a number of gentlemen who, even though they have not passed the matriculation, are doing well in the journalistic profession by practice and they have acquired all the training that is required. So, I would not insist upon the qualification of a matriculate, but I say that there should be some qualification fixed, and what it should be has to be considered. That is being done in other professions, in Government service and so on. It is done by means of some examination, by some test, by some training, by some apprenticeship. I urge that not only Government but the journalistic profession itself should take upon itself the duty of creating a bureau or some office where this apprenticeship could be obtained. Young men who now come out of the universities are unemployed, are sitting at home crying aloud that they have not got anything to live upon—this will be one of the ways of removing that unemployment. It is only a very few B.A.'s and M.A.'s who enter this profession, and even then they have shone only by their own faculties and merit and they are doing good to the country. But I would state that the profession should not be only for a few who could be counted on one's fingers, but it should be one like the other professions. You know of the profession at the bar, how so many qualified are entering it. This journalistic profession also is a very respectable profession. By this motion for circulation I only want to secure the opinion of the country and of the press at large, and I do expect that even countries outside will give us some lead on the question of the qualifications required. I would be very sorry if the Honourable the Leader of the House ever thinks that this is a Bill which is not fit even for circulation. I have every respect for the learning and competency of the Honourable the Leader of the House, and I do not think that he was serious when he retorted 'No', but when he sees that the object of this Bill is only



to improve and develop good journalism I hope he would help me in seeing that this Bill goes out for circulation in order to elicit public opinion.

**The Honourable Sir Muhammad Zafrullah Khan:** The intention is certainly good

**Mr. Lalchand Navalrai:** If the intention is good, what is lost by having circulation? Not only is it a case of good intention, but it is necessary that journalism should be given a good impetus in the sense of having in that profession people who can lead us well. The Objects and Reasons that I have given . . . (Interruption by Mr N M Joshi) . . . You are all in a holiday mood, but I shall do my duty, I shall not leave anything which I have to say. I was not going to read the whole of the Objects and Reasons so that it might frighten my Honourable friend Mr. Joshi. I have said

"It is necessary to improve the tone of the press and to have better material to edit the newspapers. It cannot be denied that a section of the press . . ."

**Mr. President** (The Honourable Sir Abdur Rahim) The Honourable Member need not read all that. It is before the House. The Honourable Member is really repeating himself.

**Mr. Lalchand Navalrai:** I will not read it. I remember the whole thing by heart. I submit that the object of this Bill is to get better material. It cannot be denied that a section of the press is not good material at all. I would say that a section of the press is doing great harm to the country. There are editors of newspapers whom I would call rabid. In one or two instances recently they went on criticising the Sindh Premier by giving him names. I will not name those editors but now, there should be a check upon that rabid way of doing things. We also know that some bogus presses are started at the time of the election of the members of the Assemblies or the local boards and for that purpose the editors are purchased and instead of doing any good to the country they indulge in quarrels and squabbles resulting sometimes in the breaking of heads. If these editors realise their duties and perform them conscientiously many of the quarrels that take place at election time will come to an end. I have explained what my object is.

**Mr. President** (The Honourable Sir Abdur Rahim) The Honourable Member has really done that fully.

**Mr. Lalchand Navalrai:** It cannot be denied that the press can make or mar the interests of any country. Public opinion rules the democratic countries, even countries where the dictators rule. It does a great harm to the country if the lead given is wrong, pernicious or mischievous. It cannot be denied that a portion of the journalism in India is not so satisfactory or salutary. Cuses have happened . . .

**Mr. President** (The Honourable Sir Abdur Rahim). The Honourable Member is repeating himself too much. The proposition is a very simple one and he has really explained it.

**Mr. Lalchand Navalrai:** Certain voices of "Yes" came. If it is "yes" I shall finish soon.

**The Honourable Sir Muhammad Zafrullah Khan:** Yes, yes.

**Mr. Lalchand Navalrai:** I hope it is an honourable word given in that "Yes".

Now, Sir, the Criminal Law Amendment Act has provided certain restrictions on the press but they are intended to save the Government. They are only a gag on the press from the Government side.

**Mr. President** (The Honourable Sir Abdur Rahim): All that is not relevant.

**Mr. Lalchand Navalrai:** I say that there ought to be some restrictions from the public point of view also, so that the public may be saved from the onslaughts which are sometimes viciously made. For this purpose I have moved my motion.

**Mr. President** (The Honourable Sir Abdur Rahim) Motion moved:

"That the Bill further to amend the Press and Registration of Books Act, 1867, be circulated for the purpose of eliciting opinion thereon."

**Mr. N. M. Joshi:** I rise to oppose this Bill. One can understand a legislature asking for legislation prescribing conditions before a man undertakes a certain profession but, Sir, a Bill of this kind to which the gentleman who has introduced it has not given, if I may say so, a moment's thought should not be allowed to be circulated. Before we try to impose conditions upon those people who want to keep presses or edit newspapers, I should like to know the qualifications prescribed for Members of the Legislature.

**An Honourable Member:** There are already.

**Mr. N. M. Joshi:** May I ask whether Members of the Legislature fulfil these two conditions? A man may commit an offence involving moral turpitude and yet become a Member of the Legislative Assembly. A man need not pass the matriculation examination before he can become a Member of the Legislative Assembly. What is the point in prescribing conditions for other people that they should pass the matriculation examination and should not commit any offence which involves moral turpitude? I do not know what profession the Honourable Member is following. I suppose he is a lawyer. Is there any law which prevents a man convicted of an offence involving moral turpitude from practising the profession of law?

**Mr. Lalchand Navalrai:** He can be suspended.

**Mr. N. M. Joshi:** There is no provision which can prevent him from following the profession of law. A man may commit a small theft, say, of a pen-knife, and he will not be sent to jail for more than two or three days. He can become a lawyer but he must not become a journalist. It is, therefore, wrong that Members of the Assembly should introduce pieces of legislation without much consideration. Let the Honourable Member

apply these tests to his own profession. Mr. President, there are already enough restrictions on presses in India. The Honourable Member has not got any experience of maintaining a press. I have. If you change your Manager, you have got to go before a magistrate and he can always ask for some security. Recently I wanted to start a newspaper in Bombay for seamen and I know what trouble I had before I could get the permission.

**Mr. M. S. Aney** (Berar. Non-Muhammadan) Did you get it?

**Mr. N. M. Joshi:** I do not wish to describe how I got it but I can tell you that it is not very easy to get permission for starting newspapers and presses. Even if you change your Editor, you have got to make a declaration and you have got to be ready to make a deposit of Rs. 1,000 or 2,000 and the Honourable Member is wanting to put more difficulties in the way of those who want to start presses. The Government of India have put restrictions on presses in the past and we have opposed them but about them you can say at least this much that they considered their measure carefully before they brought it up but the Honourable Member has not done even that courtesy to the House before he introduced this Bill which imposes on journalists greater restrictions than those imposed on professions which require greater knowledge and greater responsibility.

**Dr. Sir Ziauddin Ahmad** (United Provinces Southern Divisions: Muhammadan Rural): Sir, if my Honourable friend, Mr. Lalchand Navalrai, had concluded with the earlier portion of his speech, I assure him that he would have got better support from the House, but he made certain remarks as he continued his speech further and during the latter portion of his speech with which I cannot agree. He first said that his main object was to improve the standard of the press. I have perfect sympathy with him there, but later on he said that his object was to find some employment for our graduates and that this is one of the professions that the graduates can find some living. Probably, when there happens to be a greater degree of pressure from the graduates, he will then say, "now the selection should be made by the Public Service Commission on the result of a competitive examination and that they should be the persons who should be entitled to say who should be the editors of newspapers." So really speaking he spoilt his own case by pursuing a different object from what he advocated in the beginning of his speech. The point which I would very much like to emphasize is the condition of passing an examination which he called the matriculation of an Indian university. Sir, I can tell you that a large number of people who are earning honest bread have not passed the matriculation examination of an Indian university. This reminds me of what Plato did. He notified that he would not allow anyone to enter his house unless he knew geometry. Probably my friend, Mr. Lalchand Navalrai, will follow that example and will put a notice in front of his house that nobody should enter his house unless he has passed at least the matriculation examination of an Indian university. Now, he has got a preponderatingly high opinion of the matriculation examination. I may tell you that before the Calcutta University Commission the representatives of the European Chambers of Commerce of

[Dr. Sir Ziauddin Ahmad.]

Calcutta said in oral evidence that they preferred a non-matriculate for employment to a matriculate. Of course I was startled, and I said, what do you mean to say, that you give a preference to the non-matriculate in your offices compared with the matriculate? They said, "yes". I said, "why". The reply was that a person who has not passed the matriculation has got more common sense than the person who has passed it. All that is on record. So really speaking I have repeatedly heard that a person who is a big ass, that is a B.A., is not so much qualified for common sense work as persons who have not taken that particular degree.

**Sir H. P. Mody** (Bombay Millowners' Association: Indian Commerce): What do they say about wranglers?

**Dr. Sir Ziauddin Ahmad:** A wrangler is always a wrangler. Going further, they said that this passing the matriculation does not necessarily signify that he is an able man or an honest man capable of doing such and such things and that passing the examination is really a question of luck; and I have published a book on the systems of examinations in which I have quoted the authority of a number of eminent educationists not only in India but in other countries who have said this clearly, viz, that the passing of examinations as they are now conducted is more a question of luck than of merit, and then some of them said that there would be no injustice to the candidates if the marks were to be given to them by lottery and not by reading the answer books of the candidates. So, if the marks could be given by means of the lottery and not necessarily by reading the answer books of candidates, how can that examination be considered to be a qualification for anything whatsoever including journalism and Government service? Sir, a great injustice has been done to education by Government when they laid down this condition, because people who enter Government service try to pass examinations in order to enter Government service and not for the sake of knowledge. Government are the greatest culprits in putting down this condition of a matriculation for their service and we do not want that this particular mistake should be perpetuated. For things like journalism and so on, the men concerned will find out by experience who are the best men and who have the best aptitude for that profession and who have the best common sense. Sir, with these words I oppose the motion.

**Mr. M. S. Aney:** Sir, it is only the speech of my learned friend, Dr. Sir Ziauddin Ahmad, which has induced me to make a few observations. I can quite see that the view which my Honourable friend, Mr. Lalchand Navalrai, wants to enunciate may not be acceptable to all. That is a conceivable position, but the terrible condemnation of the educated classes that came from the Vice-Chancellor of a well-known University was something quite unexpected.

**Dr. Sir Ziauddin Ahmad:** May I just explain that whatever I have given out is quotations from a published report?

**Mr. M. S. Aney:** Did not the Honourable Member quote them with approval?

**Dr. Sir Ziauddin Ahmad:** I did not give my own opinion at the present moment, but said that there is a great volume of opinion, both in India and outside, which thinks that the system of examinations as now conducted is no better . . . .

**Mr. M. S. Aney:** Now, we are told and I accept that explanation that Dr. Sir Ziauddin Ahmad, a learned scholar, who has read many books, has out of those books given a few quotations to the effect that educated men are not necessarily the best men possible, and that about his own opinion he has expressed nothing. We have got here a speech from Dr. Sir Ziauddin Ahmad in which he has quoted some persons, but as regards his own opinion he has said nothing. Therefore, there is no opinion of Dr. Sir Ziauddin Ahmad upon this Bill and the grounds which he advanced in support of particular theory were not his own grounds, but were borrowed from somebody else. (Interruption.)

**Mr. President** (The Honourable Sir Abdur Rahim) Let the Honourable Member go on.

**Dr. Sir Ziauddin Ahmad:** I have already published my opinion in a definite book, and if the Honourable Member will care to find out my opinion on examinations, I would request him to read that book.

**Mr. M. S. Aney:** Then, the opinions expressed here are not necessarily the opinions of the Honourable Member himself, but I certainly shall procure a copy of the book later on. However, Sir, I would not myself like to impose any unnecessary conditions upon anybody who wants to enter any career in this direction. But the motion before this House is not to ask this House to commit itself to any definite principle at all. It only invites the attention of the House to the existence of certain kinds of evil in this country. I believe it would not be denied by any responsible Member of this House that the state of journalism in this country at present unfortunately is not what it ought to be, and that there is some need for having some kind of restriction upon that journalism in this country. I state that—that position is already accepted, and I submit that it is on the basis of that position that certain restrictions have already been introduced by the Government in their own way, but those restrictions which are mentioned in the Indian Press Act and so on have not been able to level up the standard of Indian journalism to expectation. The attempt of the present Bill is not to put undue restrictions upon journalism as such but to try to do something to level up that standard. Although one may not exactly agree with the remedy suggested here, this Bill will at least enable us, if it be circulated, to know from those who are concerned in this honourable profession as to what are the lines along which they wish this journalism to prosper hereafter and what are the best ways to give a proper tone to journalism? Those opinions might help us to get certain suggestions in the light of which the Bill later on may be improved and put in an acceptable form. But if you kill it here altogether and the subject is no longer there, there is nothing to invite the attention of the people to a standing evil of this kind. The evil is an admitted fact.

**Sir Abdul Halim Ghuznavi** (Dacca cum Mymensingh: Muhammadan Rural). What is the standing evil that you are complaining of?

**Mr. M. S. Aney:** The evil is that Indian journalism is suffering from a want of a proper tone. If we look at the number of papers and the matter that is published in them, we should not feel proud of them at all.

**Sir Abdul Halim Ghuznavi:** And you propose to remedy it by this Bill?

**Mr. M. S. Aney:** This Bill invites our attention to that state of things. That state of things requires to be remedied and if we send this Bill for circulation we shall be certainly favoured with suggestions from outside in the light of which this Bill will be examined later on. There is no harm in allowing this Bill to go out for eliciting public opinion. The question before the House is for circulation of the Bill for eliciting public opinion and I, therefore, think that it would not be proper to kill it at this stage.

**Sir Abdul Halim Ghuznavi:** Sir, I oppose the circulation of the Bill. It contains nothing that we do not know already, and, therefore, there is no need for its circulation. My Honourable friend, Mr. Aney, made one point and it was this, that Indian journalism is wanting in a proper tone. I have not been able to follow what he means by the proper tone. The *Amrita Bazar Patrika* has one tone and the other *Patrika* has another tone. What is the proper standard of tone, he has not been able to tell us. The whole thing, to my mind, which the Honourable the Mover had in mind is this that he wants to restrict the employment of Mussalmans in any newspaper. The last few lines of the Statement of Objects and Reasons give us a clue to what was in his mind. They run thus

"Lately the resolution passed by the conference of the Provincial Home Ministers under the presidency of the Home Member of the Government of India has also recognised the necessity of a concerted action by the Government to control propaganda of a communal nature which is generally attributed to the inferior section of the press."

There lies the whole aim. My Honourable friend, Mr. Lalchand Navalrai, does not want communal propaganda and that propaganda means the Muslim propaganda which he does not like. That is to be restricted. The editors, according to him, must be graduates or matriculates or persons having some such qualification, otherwise a newspaper is not to be started. Sir, what business my Honourable friend, the Mover, has to introduce this sort of thing? He is introducing Hitlerism on the floor of this House. Why should he insist on Mr. A. being employed and not Mr. B, who may not have the education which my Honourable friend, Mr. Lalchand Navalrai, is in favour of? Who is he to lay down that law?

**Mr. Lalchand Navalrai:** I am as good a barrister or a lawyer as you are.

**Sir Abdul Halim Ghuznavi:** I am not a lawyer. You are introducing a Bill restricting the liberty of the person who is going to invest his money to take A and not B. Who are you to say that and why should

you interfere with individual liberty? It is his choice, and he takes the consequence of employing the man he likes. Why should you lay down any restrictions? Are we here to legislate and tell people that you must not eat five times as you are doing yourself? It is pure waste of time and money and the waste of the paper on which it is printed. Sir, I oppose it.

**The Honourable Sir Reginald Maxwell** (Home Member): Sir, if Government remain neutral towards a motion for circulation of this measure, it is not because they regard it, on the face of it, with any approval, but because at the Conference of Home Ministers, to which the Honourable the Mover has referred in his Statement of Objects and Reasons, an understanding was arrived at that in so far as the matter rested with them, Government would give facilities for the consultation of Provincial Governments in regard to legislation falling within the concurrent legislative field. The Government will, therefore, leave it to this House to decide whether this is a measure on which it seriously desires the opinion of Provincial Governments. For myself, I must point out that Government could not possibly regard this measure, as it stands, as a satisfactory one. The Honourable Member has proposed to protect the public from certain classes of editors, printers and publishers. In order to do so, he proposed to erect a bulwark between the public and these designing persons of whom he feels such considerable suspicion. What is this bulwark? It consists of two tests and they are not in any way connected with one another. It is not shown how a person who has passed the Matriculation is a person of high moral character or how a person who has not been convicted of an offence of moral turpitude is a person of education sufficient to instruct the public. These two tests not connected with one another have been proposed and the assumption is that all persons who can pass these tests are fit to have access to the public in the printing, publishing and editing profession. If it had been proposed that no person, who is not of a high moral character, should be allowed to instruct the public through the medium of the press, I could have understood the measure. But how the public are going to be really protected by merely prescribing that a person should not have been convicted of an offence involving moral turpitude, I am unable to understand. Are there no persons who have not been convicted of moral turpitude who nevertheless mislead the public or indulge in communal writings? The offence of moral turpitude has no connection with the object which the Honourable Member's motion wishes to serve. Similarly, as regards the educational test.

Is the passing of the matriculation examination a sufficient qualification to enable a person, in the words of the Honourable Member, to invest himself with powers over the destinies of the people? If the Honourable Member had prescribed that no one who is not a first class M A should instruct the public, I could have understood it, but the qualification of matriculation does not seem to take us very far. Then again I must ask, is it only persons who have not passed the matriculation who indulge in unworthy attacks on other people or who misuse the power of the press or who indulge in communal writings? Where is the safeguard in prescribing an educational test at all, or an educational test of this kind? Then there are other things which I am unable to understand in this Bill. In the first place what has an educational test of matriculation got to do with a printer? Why should a person not be able to print

[Sir Reginald Maxwell.]

just as well or run a printing press without this particular educational qualification? Or again what has moral turpitude got to do with the printer? Is a printer to be guided by his state of moral conduct in what he prints or does not print?

**Mr. Lalchand Navalrai:** He will steal away all the types.

**The Honourable Sir Reginald Maxwell:** I was thinking that possibly the Honourable Member had in his mind the printers devil and he wanted to protect the public from such things. Again, I must point out that this Bill as it stands has several defective definitions in it. Firstly, we do not know what is meant by "moral turpitude". That is an expression which has not been defined anywhere that I am aware of. The Bill on that ground is vague. Then again, what is the definition of an 'editor'. I fancy that many people hunt newspaper offices without being able to find out the editor. In any case, it is extremely easy to have a dummy editor and a real editor, and the real editor may be the person who is misleading the public, whereas the dummy editor, according to the Honourable the Mover of the Bill, might quite well be a person who has passed the matriculation and he might be a person who has not been convicted of any offence involving moral turpitude. Are we then having any real safeguard to the public through this Bill?

Another point which I observe about the Bill is that all the persons at present engaged in publishing and printing are not affected by the Bill and they will never be affected by it until they reach the stage of making a fresh declaration, that is to say, if they change the premises where their business is being carried on. So the public is afforded no safeguard as long as the existing printer and publisher carries on his business. On the other hand, I am sorry to say that under the Honourable Member's Bill all existing editors who have not passed the matriculation examination would have to be dismissed at once. That is a sufficient indication to the House that this Bill on the face of it seems to have many defects. As I said the Government would leave it to the House to decide whether the Bill really deserves the opinion of the provinces. In the meanwhile the Government will remain neutral towards the motion for circulation.

**Sir Muhammad Yamin Khan** (Agra Division, Muhammadan Rural) Sir, the speech of the Honourable the Home Member showed that there are very strong reasons for opposing this measure for circulation. I do not think that the Government should be a party even to remaining neutral and thus allow the wastage of public money and time of the Ministers and of the people who will go through this Bill and give their opinion on a measure like this.

Whatever may have been the compromise arrived at at the Ministers' Conference, surely, in a matter like this where Government feel so strongly, they must oppose the Bill. Instead of bringing about any good result, if this Bill is placed on the Statute-book, it will merely be a waste of public time and money. The Government instead of remaining neutral ought to have opposed the Bill and they should instruct the Members sitting in the back Benches to vote against this Bill and throw it away and not waste any more time of the House. Sir, I oppose the motion for circulation.



**Mr. Lalchand Navalrai:** Sir, I am really sorry that the Honourable the Knight from Meerut should have thought that this Bill is going to be placed on the Statute-book here and now. The Honourable Member ought to have had the sense to know that my motion does not seek to place the Bill on the Statute-book at this moment. What I ask for is only circulation. No doubt it will cost some money, but it is all to the good of the country. In a matter like this we should know the views of the Provincial Governments and also of the public. My Honourable friend from Calcutta said "who am I that I am coming here with this measure". I say I represent the public which includes my Honourable friend also. I submit this Bill should not be killed at this moment. The complaint against this Bill is that it is evasive in some respects. After getting the views of the public, it will be time enough to mould the provisions of the Bill. If the qualification of matriculation does not satisfy the House, certain other conditions can be imposed. That is what I want. What I wish is that a certain section of the press should not be unmuzzled. It should be muzzled in some respects and thus prevented from doing wrong to the country. One thing necessary is that there should be character. Everybody knows what character means. If as the Honourable the Home Member desires, the expression 'moral turpitude' has to be defined, there is time enough for it.

I was surprised at the remark that came from this side of the House, from another Knight, namely, that examination is only a gamble. My Honourable friend has also passed through that gamble. He may have lost much money over it which, according to him, is a losing concern, but yet he is in a place where he can give vent to his views and his views will be regarded as those of an educated man, as the views of a man who has got character. He says, no, those who give public opinion should have no character, no morale and no education. It comes to that. What I want is only a test or some apprenticeship. That does not mean it should be by a gamble; I will be satisfied with some sort of selection. I am sure that leaving aside those Honourable Members who have come determined to oppose this measure, there are other Honourable Members who feel in their heart of hearts that some such provision as contemplated in this Bill is required. We are told that Government will remain neutral. I see there are some Honourable Members on this side who have made up their mind to kill this Bill at this stage whatever good it might bring. In that case I cannot help, many Members are absent. I will not say anything more but leave it to the good sense of the House. I request the Muslim League to reconsider their attitude and go into the lobby with me.

**Mr. President** (The Honourable Sir Abdur Rahim): The question is—

"That the Bill further to amend the Press and Registration of Books Act, 1867, be circulated for the purpose of eliciting opinion thereon."

The motion was negatived.

#### THE INDIAN PENAL CODE (AMENDMENT) BILL.

**Mr. Lalchand Navalrai** (Sind. Non-Muhammadian Rural): Sir, 1 move:

"That the Bill further to amend the Indian Penal Code be taken into consideration."

**Mr. President** (The Honourable Sir Abdur Rahim): Motion moved

"That the Bill further to amend the Indian Penal Code be taken into consideration."

**The Honourable Sir Reginald Maxwell** (Home Member): Sir, I move:

"That the Bill be circulated for the purpose of eliciting opinion thereon by the 1st July, 1940."

I do not think it is necessary to say much in support of this motion because the Bill is obviously of a character on which the provinces ought to be consulted, falling as it does within the concurrent legislative field.

**Mr. President** (The Honourable Sir Abdur Rahim). Amendment moved:

"That the Bill be circulated for the purpose of eliciting opinion thereon by the 1st July, 1940."

**Mr. Lalchand Navalrai**: Sir, I will not say much except this that the evil has increased in the provinces and in Sind it has increased to a very great extent. In Bengal kidnappings and abductions have been going on for a long time the reason being the low age limit for protection. My object is to raise that limit and a judgment recently given in the Judicial Commissioner's court at Sind has stressed the necessity of raising the age from 14 and 16 in the case of boys and girls respectively to 18. With that object I move this Bill and I hope the Provincial Governments and this House will see the justice of it

**Mr. President** (The Honourable Sir Abdur Rahim) The question is:

"That the Bill be circulated for the purpose of eliciting opinion thereon by the 1st July, 1940"

The motion was adopted.

#### THE ALIGARH MUSLIM UNIVERSITY (AMENDMENT) BILL.

**Dr. Sir Ziauddin Ahmad** (United Provinces Southern Divisions: Muhammadan Rural) Sir, I move for leave to introduce a Bill further to amend the Aligarh Muslim University Act, 1920, for a certain purpose.

**Mr. President** (The Honourable Sir Abdur Rahim) The question is:

"That leave be granted to introduce a Bill further to amend the Aligarh Muslim University Act, 1920, for a certain purpose"

The motion was adopted.

**Dr. Sir Ziauddin Ahmad**: Sir, I introduce the Bill.

#### THE TRANSFER OF PROPERTY (AMENDMENT) BILL.

**Mr. Akhil Chandra Datta** (Chittagong and Rajshahi Divisions: Non-Muhammadan Rural): Sir, I move for leave to introduce a Bill further to amend the Transfer of Property Act, 1882.

**Mr. President** (The Honourable Sir Abdur Rahim): The question is:

"That leave be granted to introduce a Bill further to amend the Transfer of Property Act, 1882."

The motion was adopted.

**Mr. Akhil Chandra Datta:** Sir, I introduce the Bill.

The Assembly then adjourned till Eleven of the Clock on Thursday, the 8th February, 1940



# LEGISLATIVE ASSEMBLY.

*Thursday, 8th February, 1940.*

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. President (The Honourable Sir Abdur Rahim) in the Chair.

## STARRED QUESTIONS AND ANSWERS

### (a) ORAL ANSWERS.

#### ENEMY SUBJECTS AND OTHERS DETAINED IN THE INTERNMENT CAMP AT AHMADNAGAR SINCE THE OUTBREAK OF WAR

**24. \*Mr. F. E. James:** Will the Honourable the Home Member be pleased to state:

- (a) how many enemy subjects and others have been detained in the internment camp at Ahmadnagar since the outbreak of war;
- (b) how many have been released up to date; and
- (c) how many enemy subjects have left India for Germany since the outbreak of war?

**The Honourable Sir Reginald Maxwell:** (a) No one other than enemy subjects has been interned at Ahmadnagar. Inclusive of eight persons received from Burma, the total number of persons interned there was 888. In addition, 21 persons were interned in local internment camps on the outbreak of war but were released before transfer to Ahmadnagar.

(b) In addition to the 21 releases from local provisional camps, 492 persons had been released by January 27th.

(c) 75.

**Mr. Lalchand Navalrai:** Are these persons interned like political prisoners in jails or in any other internment camp?

**The Honourable Sir Reginald Maxwell:** They are interned in an internment camp which has been constituted for the purpose.

**Mr. Lalchand Navalrai:** What arrangements have been made in order to see to their accommodation and comfort?

**The Honourable Sir Reginald Maxwell:** The camp is established by and is under the supervision of the military authorities.

**Mr. N. M. Joshi:** Is there any other camp besides Ahmadnagar for enemy subjects?

**The Honourable Sir Reginald Maxwell:** No.

**Mr. F. E. James:** May I ask what is being done in regard to the wives of internees—those who are, for example, not able adequately to support themselves?

**The Honourable Sir Reginald Maxwell:** Those who are unable to support themselves are receiving an allowance from Government.

**Mr. F. E. James:** What is the amount of that allowance?

**The Honourable Sir Reginald Maxwell:** The maximum allowance is Rs. 70 a month, except in Bombay and Calcutta where the maximum is Rs. 80 a month.

**Mr. F. E. James:** Is it under consideration that wives of these internees might be sent back to their respective countries?

**The Honourable Sir Reginald Maxwell:** They are free to depart and are being encouraged to do so, but they show no great desire to go back to Germany.

**Mr. N. M. Joshi:** What is the minimum amount of the allowance?

**The Honourable Sir Reginald Maxwell:** Zero.

SETTING UP OF A MACHINERY TO ASSIST IN THE CONTROL OF EMERGENCY EXPENDITURE.

25. **\*Mr. F. E. James:** Will the Honourable the Finance Member be pleased to state—

- (a) whether his attention has been drawn to the decision of His Majesty's Government to set up a Select Committee on Expenditure to assist in the control of emergency expenditure; and
- (b) whether, in view of the absence of a Finance or Estimates Committee of the Central Legislature, he proposes to consider the setting up of machinery similar to that set up in the United Kingdom, in order to assist him in scrutinising expenditure with a view to ensuring that unnecessary waste is checked and that the tax-payer is getting full value for his money?

**The Honourable Sir Jeremy Raisman:** (a) Yes.

(b) The absence of the Standing Finance Committee or the proposed Estimates Committee does not affect the control of emergency expenditure, since wholly non-voted Estimates fell outside the purview of the Standing Finance Committee and the proposed Estimates Committee. Moreover, the amount of extra expenditure arising out of the emergency in India is, for the present at least and in comparison with the normal scale of expenditure, not of such proportions as to call for the action which has been found necessary to deal with the enormous war expenditure of the United Kingdom. I can, however, assure the Honourable Member that extra expenditure arising out of the emergency, including expenditure on supplies, is being subjected to a most careful and thorough scrutiny by my department, and that the machinery for carrying out that scrutiny has been specially strengthened to enable it to cope with its more extensive responsibilities and to ensure that supplies are obtained on the best terms available.

**Mr. F. E. James:** Will the Honourable Member tell us exactly in what way the department has been strengthened—merely by the addition of staff or by the placing of additional control in the spending departments concerned?

**The Honourable Sir Jeremy Raisman:** In both ways: both by the addition of staff to assist officers on whom the pressure was great and by the actual location of new controlling officers—financial advisers—in departments where formerly there were no such officers.

**Mr. F. E. James:** I take it that these financial officers who are placed in the spending departments in the control section are under the control of the Finance Department?

**The Honourable Sir Jeremy Raisman:** Yes, definitely

**Dr. Sir Ziauddin Ahmad:** In view of the fact that the Finance Committee does not exist now and the Finance Member has got no machinery to find out the opinion of the Legislature and of the public, will he consider the question of co-operation of the Legislature, businessmen and others in these spending departments for which there is no budget provision?

**The Honourable Sir Jeremy Raisman:** The nature and conditions of these new departments are such that I believe I am dealing with them in the most effective way. I do not believe it would be practicable in the day to day problems which arise to associate with the administration a non-official body which could really do anything effective.

**Dr. Sir Ziauddin Ahmad:** I can appreciate about military expenditure, because it is all confidential. But I want some reply why this thing should be followed in the case of supply and other economic matters and why he cannot take the Legislature and non-officials into confidence?

**The Honourable Sir Jeremy Raisman:** Because I do not think that it will be practicable.

#### BYE-LAWS REGARDING CONTROL OF TEMPORARY STRUCTURES IN THE RAWALPINDI CANTONMENT.

**26. \*Sardar Sant Singh:** (a) Will the Defence Secretary be pleased to state whether it is a fact that the Rawalpindi Cantonment Board at the instance of the Deputy Director of Military Lands and Cantonments in the Northern Command has been compelled to frame certain bye-laws regarding the control of what it calls temporary structures, which include all structures not included within the definition of 'building' in the Cantonments Act?

(b) Is it a fact that the public of Rawalpindi have protested against these bye-laws and submitted objections to the Cantonment Board?

(c) Have those objections been communicated to the Government of India?

(d) What action do Government propose to take on the public objections?

**Mr. O. M. G. Ogilvie:** (a) Owing to the necessity for regulating the erection of temporary structures which do not come under the definition of buildings, the General Officer Commanding-in-Chief, Northern Command, requested the Cantonment Board to frame bye-laws under section 282 (18) of the Cantonments Act.

(b) Yes.

(c) No, the objections are still being considered by the Cantonment Board.

(d) Does not arise.

**Sardar Sant Singh:** May I know if the objections have been sent to the Cantonment Board by the Government of India?

**Mr. C. M. G. Ogilvie:** Not as far as I know.

**Mr. Lalchand Navalrai:** Have these rules received the sanction of the Government or were they subject to the sanction of the Government?

**Mr. C. M. G. Ogilvie:** The bye-laws have not yet been passed by the Cantonment Board and have not yet been approved by Government.

**Sardar Sant Singh:** Since when have these objections been pending before the Cantonment Board?

**Mr. C. M. G. Ogilvie:** I am not aware of the date on which they were submitted.

**Sardar Sant Singh:** Will the Honourable Member make inquiries when the objections will be finally disposed of?

**Mr. C. M. G. Ogilvie:** I have got no reason to think that they will not be disposed of quite expeditiously, and that we will be informed of the result in due course.

#### ALLEGED INTERFERENCE IN THE ELECTION OF THE ELECTED MEMBERS ON THE TERMINAL TAX COMMITTEE OF THE AMBALA CANTONMENT BOARD.

**27. \*Sardar Sant Singh:** (a) Will the Defence Secretary be pleased to state whether the official members of the Cantonment Board of Ambala who are in majority in the Board interfered in the election of the elected member on the Terminal Tax Committee of the Board?

(b) Is it a fact that the elected members wanted that the President should not interfere in the selection of the elected member, whereas he can nominate the nominated member?

(c) Has the attention of Government been drawn to the Note of Dissent of the elected members on the method of election adopted in the Board and published on page 183 of the November 1939 issue of the *Cantonment Gazette* under the caption "*Dominion Status in Action*"?

(d) What steps do Government propose to take in the matter?

**Mr. C. M. G. Ogilvie:** (a) No.

(b) The answer to the first part of the question is in the affirmative. As regards the second part, the President has the same right as any other member of the Board to propose a name for appointment or vote on any name proposed.

(c) Yes.

(d) None.



## NOMINATED PRESIDENTS OF CANTONMENT BOARDS.

**28. \*Sardar Sant Singh:** (a) Will the Defence Secretary be pleased to state in which cantonments Government have nominated officers other than Officers Commanding the Stations as Presidents of the Cantonment Boards? If so, why?

(b) Is it a fact that there are elected Vice-Presidents in all such cantonments who have not been allowed to function as Presidents even during the temporary emergency?

**Mr. C. M. G. Ogilvie:** (a) To enable the President to give more time to cantonment affairs than it is possible for the Officer Commanding Station to give, directions have been issued by the Central Government under clause (a) of sub-sections (3), (4) or (5) of section 13 of the Cantonments Act, 1924, in respect of Ambala, Delhi, Dinapore, Ferozepore, Jalapahar, Jhansi, Lahore, Lansdowne, Leborg, Lucknow, Mardan, Meerut, Multan, Murree Galis, Nami Tal, Poona and Sialkot Cantonments.

(b) It has not been found necessary for Presidents to delegate their powers during the present emergency.

**Sardar Sant Singh:** May I know why?

**Mr. C. M. G. Ogilvie:** It has not been found necessary. I can say no more than that.

**Sardar Sant Singh:** Is it not a fact, Sir, that in all local bodies in the absence of the President, the Vice-President is given power to exercise those powers?

**Mr. C. M. G. Ogilvie:** I believe so, but in these cases the President has not been absent; he has been permanently present.

## CERTAIN APPEALS DECIDED BY THE DEPUTY DIRECTORS OF COMMANDS.

**29. \*Sardar Sant Singh:** (a) Will the Defence Secretary be pleased to state the number of appeals under Schedule V of the Cantonments Act, 1924, which have been decided by the Deputy Directors of Commands separately in each Command during the years 1938 and 1939?

(b) How many of these appeals have been accepted and how many rejected in each Command?

(c) Has any appeal been heard in the Cantonments to which it pertained? If so, how many?

(d) Is it a fact that appeals have been heard at the Headquarters of the Command and the appellants had to incur good deal of expenditure to go to those places for their appeals?

**Mr. C. M. G. Ogilvie:** (a) and (b). A statement is laid on the table.

(c) No.

(d) The answer to the first part is in the affirmative. As regards the second, Government have no information.

*Appeals preferred under Schedule V of the Cantonments Act, 1924, during the years 1938 and 1939.*

Command.	1938.				1939.			
	Total No. of appeals.	No. of appeals accepted.	No. of appeals rejected.	No. of appeals not admitted.	Total No. of appeals.	No. of appeals accepted.	No. of appeals rejected.	No. of appeals not admitted.
Northern . . . .	3	..	2	1	13 (1 with-drawn).	2 (1 partial-ly).	9	1
Eastern . . . .	11	2	6	3	4	..	1	3
Southern . . . .	..	..	..	..	11	3 partially.	8	..
Western (Indept.) District .	..	..	..	..	..	..	..	..

**INCLUSION OF CERTAIN AREAS WITHIN THE BAZAR AREA OF THE LAHORE CANTONMENT.**

**30. \*Sardar Sant Singh:** With reference to question No. 240 of Mr. Sham Lal, dated the 16th August, 1938, will the Defence Secretary be pleased to state whether Government propose to reconsider the desirability of including those areas within the Bazar area of Lahore Cantonment which do not pertain to the British Military Officers and which do not consist of agricultural land, for example, Mehtab Rai Ihata, Sadar Bazar Market, Sanatan Dharam School, Aggarwal Dharamsala, Lal Kurti Bazar, Lal Kurti Tank and Temple and Garden, Sadar Bazar woodstalls, Id Gah, Diggi temple, Sadar Bazar Cantonment Primary School No. 2, Ihata Ghazi Ram, Cantonment High School play-ground and St. John Gardens and Library?

**Mr. C. M. G. Ogilvie:** I have nothing to add to the reply I gave to starred question No. 2021 asked by Mr. K M Jedhe on the 9th December, 1938.

**CALLING OF ALL THE PARTNERS OF A FIRM TO APPEAR BEFORE THE INCOME-TAX OFFICERS IN SIND.**

**31. \*Mr. Lalchand Navalrai:** Will the Honourable the Finance Member be pleased to state if it is a fact that in Sind, all or some of the Income-tax Officers require all the partners of a firm to appear individually, after a return has been furnished, to be interrogated in connection with the return, if so, under what law is this enforced and under what circumstances are all the partners called to appear when either the manager or one individual partner could supply the information required?

**The Honourable Sir Jeremy Raisman:** A report has been called for and a reply will be laid on the table of the House in due course.

**Mr. Lalchand Navalrai:** But will the Honourable Member take it from me that at least one or two Income-tax Officers are acting in the manner stated in this question and are harassing the people? Will the Honourable Member issue some instructions in the meantime?

**The Honourable Sir Jeremy Raisman:** The Honourable Member has not asked me for any further information. He seems to have supplied me with information.

**INCREASE IN THE PRICE OF PETROL IN DELHI.**

**32. \*Dr. Sir Ziauddin Ahmad:** (a) Is the Honourable the Finance Member aware that the Governments of the United Provinces and the Punjab have levied a sale tax of two annas per gallon on petrol?

(b) Is it not a fact that the salesmen in the province of Delhi have increased the price of petrol by two annas in order to avoid its transport from one province to another?

(c) Who gets the benefit of the additional two annas which the consumers of petrol in the Delhi Province pay for each gallon? Does it go into the pocket of the salesman who runs the pump or into the pocket of the companies which control the sale?

(d) Do Government propose to realise this amount from the company and credit it in the Road Improvement Fund of the Delhi Province?

**The Honourable Sir Jeremy Raisman:** (a) Yes, except that the rate of the tax in the Punjab is not two annas but one anna three pies a gallon

(b) No.

(c) and (d). Do not arise.

**Dr. Sir Ziauddin Ahmad:** May I ask the Honourable Member whether he has found out the actual prices of petrol at Ghaziabad, Delhi and Gurgaon, and what is the difference between those prices?

**The Honourable Sir Jeremy Raisman:** I am satisfied, Sir, that the answer to part (b) of this question is in the negative.

**Dr. Sir Ziauddin Ahmad:** When the Honourable Member has satisfied himself, then he must have known the prices at which petrol is sold. May I know what are the actual prices at which petrol is sold at Ghaziabad, Delhi and Gurgaon and other neighbouring places?

**The Honourable Sir Jeremy Raisman:** I have not got the detailed information with me, but I have directed my mind to that very point before answering that part of the question.

**Dr. Sir Ziauddin Ahmad:** May I know, Sir, how could the Honourable Member possibly have satisfied himself without knowing the actual prices at the different places, and what method did he adopt to satisfy himself?

**The Honourable Sir Jeremy Raisman:** By calling for and investigating the facts.

**Dr. Sir Ziauddin Ahmad:** May I know, Sir, how the Honourable Member satisfied himself without knowing the prices of petrol at these three different places?

**The Honourable Sir Jeremy Raisman:** I did not say I did not know the prices. I said I had not got those details with me at present.

**Dr. Sir Ziauddin Ahmad:** In what way did he satisfy himself that this is not correct without knowing the actual prices at these places?

**The Honourable Sir Jeremy Raisman:** I did not say that the prices were not before me when I satisfied myself. I said that I had not got them in my head now.

#### CREATION OF NEW DEPARTMENTS AS A WAR MEASURE.

**33. \*Dr. Sir Ziauddin Ahmad:** (a) Will the Honourable the Home Member be pleased to mention the new department or the branches of the departments which they have created as a war measure?

(b) Under whom are these departments placed?

**The Honourable Sir Reginald Maxwell:** (a) and (b) Two new Departments have been created as a war measure, *viz.*, (1) the Defence Co-ordination Department, and (2) the Department of Supply. The former is under the control of His Excellency the Governor General, while the latter is in the portfolio of the Honourable the Law Member. As regards the new branches which have been created on account of the war, the information is being collected and will be laid on the table of the House in due course.

**Dr. Sir Ziauddin Ahmad:** May I know whether the relation between the Honourable the Law Member and the Supply Department is of the same type as his relation with the Law Department of the Government of India?

**The Honourable Sir Reginald Maxwell:** He is responsible for it in his portfolio, it is in the same position as any other matter in his portfolio.

**Dr. Sir Ziauddin Ahmad:** I want to know whether his supervision is only nominal or it is effective?

(No reply.)

#### DEPUTATION OF A FINANCE DEPARTMENT OFFICER TO THE EXPENDING DEPARTMENT OF THE GOVERNMENT OF INDIA.

**34. \*Dr. Sir Ziauddin Ahmad:** (a) Will the Honourable the Finance Member please state whether it is a fact that the Finance Department deputed one of its own officers in the Expending Department of the Government of India?

(b) Are these officers deputed for a limited period or are they posted for an indefinite period, removeable only by an act of God?

**The Honourable Sir Jeremy Raisman:** (a) and (b) I have been unable to understand what is meant by the expression "the Expending Department of the Government of India" used by the Honourable Member.

**Dr. Sir Ziauddin Ahmad:** By Spending Department, I thought, all those departments which spend money, like the Railways and other departments. But I should like to know from the Honourable Member whether he has deputed officers in all these spending departments for a fixed period or for indefinite period?

**The Honourable Sir Jeremy Raisman:** All the Departments of the Government of India are spending departments including my own, and I thought the Honourable Member must have had in mind some particular department. It is a matter of common knowledge that officers of the Finance Department are posted in various spending departments on the Railways, Post and Telegraphs, and so on, but the Honourable Member's question was not sufficiently specific for me to be able to give him a definite reply.

**Dr. Sir Ziauddin Ahmad:** I want to know whether these officers are deputed for a fixed period or for an indefinite period?

**The Honourable Sir Jeremy Raisman:** They usually have a definite tenure.

### APPOINTMENTS MADE IN CONNECTION WITH WAR WORK.

**35. \*Dr. Sir Ziauddin Ahmad:** (a) Will the Honourable the Home Member be pleased to lay on the table a statement mentioning the salaries and dates of appointment of all the persons drawing Rs. 50 or more, appointed by the Government of India from the 1st September, 1939, on new temporary or permanent posts having direct or indirect connection with war work?

(b) Were those new posts sanctioned by the Finance Department?

(c) Who made the appointments?

(d) Did the Government of India observe the instructions issued by the Government under the resolution of 1934 about the communal representation in case of such appointments?

**The Honourable Sir Reginald Maxwell:** The information is being collected and will be laid on the table of the House in due course.

### REQUISITIONING OF ARMY IN PROVINCES.

**36. \*Dr. Sir Ziauddin Ahmad:** (a) Will the Defence Secretary please state how many times the army was requisitioned in different Provinces from July 1937, till October 1939, with dates of requisition?

(b) Is the Defence Secretary in possession of reasons for such requisitions? If so, will he please state the reasons in each case?

**Mr. O. M. G. Ogilvie:** (a) and (b) As a result of requests from civil authorities for military assistance, troops moved out of barracks on 25 occasions and stood to on 43 occasions during the period stated.

I lay on the table a statement showing the details asked for.

(a) *Occasion on which troops MOVED OUT of barracks at the request of the Civil authorities between July 1937 and October 1939.*

No.	Date.	Province.	Place.	Nature of disturbance.
1	7th February, 1938	U. P.	Cawnpore	Communal.
2	8th March, 1938	Do.	Allahabad	Do.
3	16/17th March, 1938	Do.	Benares	Do.
4	17/26th March, 1938	Do.	Allahabad	Do.
5	10th April, 1938	Bihar	Jamshedpur	Do.
6	11/12th April, 1938	U. P.	Allahabad	Do.

No.	Date.	Province.	Place.	Nature of disturbance.
7	9/10th September, 1938.	Delhi . .	Delhi . .	Communal.
8	14/26th October, 1938 .	Punjab . .	Multan . .	Communal rioting.
9	31st January/1st February, 1939.	U. P. . .	Tikraul (Saharanpur).	Communal.
10	2/3rd February, 1939 .	N.-W. F. P. .	D. I. Khan .	Communal rioting.
11	5/7th February, 1939 .	U. P. . .	Benares . .	Do.
12	11/25th February, 1939 .	Do. . .	Cawnpore . .	Do.
13	28th February/3rd March, 1939.	Do. . .	Badaun . .	Do.
14	2nd March, 1939 . .	Do. . .	Cawnpore . .	Communal.
15	2/7th March, 1939. .	Punjab . .	Amritsar . .	Do.
16	2nd March, 1939 . .	N.-W. F. P. .	D. I. Khan .	No details available.
17	4/23rd March, 1939 .	U. P. . .	Benares . .	Communal rioting.
18	5/6th March, 1939. .	Do. . .	Cawnpore . .	Communal.
19	6th March, 1939 . .	Bengal . .	Tittaghar . .	Communal rioting.
20	7th March, 1939 . .	Do. . .	Titta-Jagatdal.	Do.
21	26/27th March, 1939 .	U. P. . .	Benares . .	No details available.
22	3rd May, 1939 . .	Do. . .	Lucknow . .	Communal tension.
23	23/29th May, 1939 .	Bombay . .	Sholapur . .	Communal.
24	19/20th June, 1939 .	U. P. . .	Cawnpore . .	Communal rioting.
25	25th June, 1939 . .	N.-W. F. P. .	Abbottabad .	Communal.

(ii) *Occasions on which troops STOOD TO in barracks at the request of the Civil Authorities.*

No.	Date.	Place.	Province.	Nature of disturbance.
1	August, 1937 . .	Cawnpore . .	U. P. . .	Strikes.
2	17th August, 1937. .	Madras . .	Madras . .	Communal.
3	26th August, 1937. .	Peshawar . .	N.-W. F. P. .	Do.
4	15th October, 1937 . .	Jubbulpore . .	C. P. . .	Do.
5	15th October, 1937 . .	Saidpur . .	Bengal. . .	Do.
6	9th February, 1938 . .	Hyderabad . .	Sind . .	Civil disturbance.
7	11/13th February, 1938 .	Delhi . .	Delhi . .	Communal.
8	11/12th February, 1938 .	Cawnpore . .	U. P. . .	Do
9	11/14th February, 1938 .	Fyzabad . .	Do. . .	Do.
10	8/13th March, 1938 . .	Meerut . .	Do. . .	Do.
11	10/13th March, 1938 . .	Delhi . .	Delhi . .	Do.
12	18th March, 1938 . .	Jubbulpore . .	C. P. . .	Do.
13	14th April, 1938 . .	Poona . .	Bombay . .	Civil disturbance.
14	17/18th April, 1938 . .	Bombay . .	Do. . .	Communal
15	23/24th April, 1938 . .	Lucknow. . .	U. P. . .	Do.
16	16th May, 1938 . .	Cawnpore . .	Do. . .	No details available
17	4/5th July, 1938 . .	Do . .	Do. . .	Civil disturbance.
18	15th July, 1938 . .	Bareilly (for Pilibhit).	Do. . .	Communal.
19	22nd July, 1938 . .	Delhi . .	Delhi . .	Do
20	21st August, 1938 . .	Saharanpur (for Deoband).	U. P. . .	Do
21	13/14th October, 1938 . .	Delhi . .	Delhi . .	Do.
22	14/26th October, 1938 . .	Multan . .	Punjab . .	Communal riots.
23	18th October, 1938 . .	Dinapore. . .	Bihar . .	No details available.
24	14/15th November, 1938 .	Lucknow. . .	U. P. . .	Communal.
25	15/17th November, 1938 .	Multan . .	Punjab . .	Do.
26	21/22nd November, 1938 .	Benares . .	U. P. . .	Do.
27	24th January, 1939 . .	Bareilly . .	Do. . .	Do.



No.	Date.	Place.	Province.	Nature of disturbance.
28	26/31st January, 1939 .	Dehra Dun (for Tikrauli).	U. P. . .	Communal.
29	1/3rd February, 1939 .	Delhi . .	Delhi . .	Do.
30	1st February, 1939 .	Agra (for Aligarh).	U. P. . .	Do.
31	1st February, 1939 .	Sialkot . .	Punjab .	Do.
32	12/16th February, 1939 .	Cawnpore .	U. P. . .	Do.
33	25th February/2nd March, 1939.	Meerut .	Do. .	Do.
34	27th February/2nd March, 1939.	Delhi . .	Delhi . .	Do.
35	2/3rd March, 1939 .	Moradabad .	U. P. . .	No details available.
36	6/7th March, 1939 .	Jubbulpore .	C. P. . .	Communal.
37	6/7th March, 1939 .	Barrackpore (for Tittaghar and Jagatdal).	Bengal. .	Do.
38	8th March, 1939 . .	Cawnpore .	U. P. . .	Do.
39	31st March/3rd April, 1939.	Lucknow. .	Do. .	Do.
40	10th May/13th May, 1939.	Jamshedpur .	Bihar . .	Civil disturbance.
41	23rd May, 1939 . .	D. I. Khan .	N.-W. F. P. .	Communal.
42	20th August, 1939. .	Lahore . .	Punjab .	Demonstration against House Tax.
43	2nd September, 1939 .	Ranchi (for Sing Bhum).	Bihar . .	Civil disturbance.

**Dr. Sir Ziauddin Ahmad:** What is the answer to part (b) of the question?

**Mr. C. M. G. Ogilvie:** I have answered both the parts in (a), and I also stated that I was laying a statement on the table showing the details asked for. The Honourable Member will see that something like 68 items are concerned.

**Dr. Sir Ziauddin Ahmad:** May I know, with reference to part (b), whether the reasons have also been given?

**Mr. C. M. G. Ogilvie:** Yes, in brief, like communal rioting, and so on,

**PURCHASES MADE BY THE GOVERNMENT OF INDIA ON BEHALF OF THE  
BRITISH GOVERNMENT.**

**37. \*Dr. Sir Ziauddin Ahmad** (on behalf of Mr. Nabi Baksh Illahi Baksh Bhutto). (a) Will the Honourable the Finance Member please state the total value of the purchases made by the Government of India on behalf of the British Government since 1st August, 1939?

(b) In what manner does the Honourable Member propose to spend the sterling credit, created in England on account of these purchases?

**The Honourable Sir Jeremy Raisman:** (a) Orders placed through the Department of Supply amount to close on Rs. 14 crores, which is being recovered from His Majesty's Government as the purchases are completed.

(b) The sterling received on account of these purchases is being used for financing our ordinary expenditure in England for which we would otherwise have to obtain sterling from the Reserve Bank.

**Dr. Sir Ziauddin Ahmad:** May I know, Sir, what is the amount of credit created by virtue of these purchases approximately?

**The Honourable Sir Jeremy Raisman:** I stated the amount of the transactions as being approximately 14 crores

**FLOATING OF A LOAN IN 1940.**

**38. \*Dr. Sir Ziauddin Ahmad** (on behalf of Mr. Nabi Baksh Illahi Baksh Bhutto). Will the Honourable the Finance Member please state whether Government are contemplating to float a loan in the year 1940? If so, for what purposes?

**The Honourable Sir Jeremy Raisman:** The Honourable Member should await my Budget speech

**INCOME FROM CUSTOMS AND EXCISE.**

**39. \*Dr. Sir Ziauddin Ahmad** (on behalf of Mr. Nabi Baksh Illahi Baksh Bhutto). (a) Will the Honourable the Finance Member please state how much money Government expect to realise from (i) Customs, and (ii) Excise, in the year 1939-40?

(b) What is the estimated income for the current year, compared with the corresponding income of the last year?

**The Honourable Sir Jeremy Raisman:** (a) and (b). The Honourable Member should await my budget speech.

**INCOME FROM EXCISE AND IMPORT DUTIES ON SUGAR.**

**40. \*Dr. Sir Ziauddin Ahmad** (on behalf of Mr. Nabi Baksh Illahi Baksh Bhutto). (a) Will the Honourable the Finance Member please state what is the contemplated income in the year 1939-40 from (i) excise duties on sugar, and (ii) from import duties on sugar?

(b) What are the estimates made under these heads by the Honourable the Finance Member in his budget speech in 1939?

**The Honourable Sir Jeremy Raisman:** (a) I am unable to anticipate my Budget statement.

(b) I would refer the Honourable Member to paragraph 15 of Sir James Grigg's speech in introducing the Budget for 1939-40 where it was explained that the total estimate under both heads taken together was placed at Rs. 4,20 lakhs

#### PROFIT OF THE ISSUE BRANCH OF THE RESERVE BANK OF INDIA.

**41. \*Dr. Sir Ziauddin Ahmad** (on behalf of Mr. Nabi Baksh Illahi Baksh Bhutto): (a) Will the Honourable the Finance Member please state what was the profit of the Issue Branch of the Reserve Bank in the year 1938-39?

(b) How was the profit utilised?

**The Honourable Sir Jeremy Raisman:** (a) and (b) The attention of the Honourable Member is invited to the Annual Reports and Accounts of the Bank for the years 1938 and 1939, copies of which are available in the Library

**Dr. Sir Ziauddin Ahmad:** Is it also given in that report as to how this profit was utilised? I am referring to part (b) of the question.

**The Honourable Sir Jeremy Raisman:** Yes, I think so.

#### AMOUNT OF INFLATION IN PAPER CURRENCY.

**†42. \*Khan Bahadur Shaikh Fazl-i-Haq Piracha:** (a) Will the Honourable the Finance Member please state the amount of inflation in Paper Currency since 1st September, 1939?

(b) Did Government increase the Paper Currency Gold Reserve by the corresponding amount?

**The Honourable Sir Jeremy Raisman:** The attention of the Honourable Member is invited to the weekly accounts of the Issue Department of the Reserve Bank which are published in the Gazette of India

#### RESOLUTION *RE* GUIDING PRINCIPLES IN RESPECT OF CATERING CONTRACTS ON INDIAN RAILWAYS.

**Mr. President** (The Honourable Sir Abdur Rahim): Resolutions. Mr. Bhutto. (Mr. Bhutto being absent).

**Dr. Sir Ziauddin Ahmad** (United Provinces Southern Divisions: Muhammadan Rural): Sir, I have been authorised to move this Resolution.

**Mr. President** (The Honourable Sir Abdur Rahim): Very well.

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†Answer to this question laid on the table, the questioner being absent.

**Dr. Sir Ziauddin Ahmad:** I beg to move:

"That this Assembly recommends to the Governor General in Council to fix with out delay definite principles for the sale of food on Railway stations and in running trains, and end the discussions on the subject in Railway Advisory Committees and terminate the continuous experiments by Railway officials."

I may state at the outset that this Resolution is not intended to censure either the Government or any railway official, but it is due to a feeling which exists in the minds of the travelling public that some definite steps should be taken in this matter. Catering arrangement is an integral part of the amenities of passengers. Catering at a high price will tend to divert the traffic from rail to road. Every person interested in the future prosperity of the railways should take interest in good catering arrangements. No person will undertake a holiday trip in a train unless he is assured of good food and at a moderate cost. Therefore, this question of catering arrangements is an essential part to attract the traffic from road to rail. Persons who have to travel will travel whether you give them good food or not or whether they starve or not. But there are a large number of persons who really go out for pleasure and it is they who are affected very much if they find that they cannot get good food at a moderate cost, and it is the duty of the railway administrations and of every person who is interested in the well-being of the railways that they should attend to their needs. This subject always arouses a lot of discussion when the question is brought up before the House. Let me just give a little history about this matter which really necessitated the moving of this particular Resolution. I raised this question in the Central Advisory Council for Railways on the 18th November, 1931, that is, about nine years ago. The Railway Board at that time gave an assurance on three points. The first was that the contracts were not to be auctioned, because at that time there was a tendency to give contracts to highest bidders. The second point on which they gave an assurance was that sub-contracts would not be permissible, and I admit that so far as this is concerned, they have been following this particular recommendation, though it has appeared in a different form which I will develop later on. The third principle which they agreed to was that the rates should be the market rates. This assurance given in 1931 was not carried out. Sir Leslie Hudson who was a member of the Advisory Council said that we ought to investigate further the question of prices and find out the difference between prices in the different railways. Three years later when I found that nothing was being done, I moved a Resolution in this Assembly on the 26th July, 1934, on the same subject. The Resolution which I moved was in these terms:

"That this Assembly recommends to the Governor General in Council to appoint a committee consisting of Railway officials and others not connected with Railway Administrations to enquire as to how far the present system of giving contracts and sub-contracts, to outsiders and not to local persons, for catering to the Railway passengers is responsible for the supply of bad food and drinks at very high prices by the vendors either at the Railway platforms, in the refreshment rooms or in the running trains and to suggest ways and means to remove these grievances."

In the course of the debate, when I moved this Resolution, I made out certain points. The first point I made was that the contracts should not be auctioned to the highest bidder, and that the system of sub-contracts should be abolished, because otherwise the cost of travel will be increased. The next one was that the prices at the railway station should be the same as the prices of articles in the town, and that the practice of giving contract for the whole line to one person should be

stopped. In the course of the discussion I gave the prices of various articles prevalent in the town and at the railway station of the same place. I do not want to tire the Members of the House by quoting in full my speech on that particular occasion, but I would ask them to read pages 689 and 690 of this Official Report. I took evidence personally and also had correspondence with a large number of persons, and it was proved conclusively that the prices in the town substantially differed from the prices at the railway station for the same class of articles; not only this, but the anomaly was that the same contractor had lower price just outside the railway platform and a higher price at the railway platform. I proved by figures my case and I can quote the articles, the places where this practice is still going on, and when I brought this complaint to the notice of the station master he began to justify by saying that it was reasonable to have a little higher price on the platform than outside. I submit that the prices on the platform must be controlled in a manner that they do not substantially differ from the prices prevalent in the town. Those were the four points which I brought out then. I am just reading from my own book on Indian Railways.

"The motion was strongly supported by Sir Henry Gidney and Sir Abdul Halm Ghuznavi who quoted from a letter to Chief Operating Superintendent. Sir Joseph Blore, the then Railway Member, gave assurance that the Railway Board will secure the provision of good and wholesome food at reasonable rates for the travelling public."

Two more years passed away and nothing was done. Then this question was taken up again by the Central Advisory Committee two years later on the 3rd October, 1936. This is really a very important committee and they recorded very important evidence and also made recommendations. The Railway Board laid a memorandum before the Advisory Committee. I shall quote a few sentences from it.

"Care should be taken that when a contract is given to anybody who is not a local firm or individual, the contractor is a *bona fide* person who himself or whose firm would carry on the business of the contract. Sub-letting of these contracts should be prohibited and if possible a clause prohibiting such sub-letting should be entered in the contracts. It was further suggested that where local arrangements are not possible and several stations have to be grouped together, the area included in this group should not be too large. In such cases it is expected that it would be possible to make local arrangements within the area of the group."

Further on they said:

"Contracts should be given to men locally available, except in those cases which it is believed that a more satisfactory service could be given by including several stations in one contract area."

They also said that the rents that should be charged to the refreshment rooms should be nominal and the Railway Board memorandum also admitted one other thing, namely, that the vendor must supply wholesome articles at the current market prices approved by the Divisional Superintendent. Selling at the market rate was admitted and also that sub-letting either in whole or in part was prohibited. Now, these were the principles admitted by the Central Advisory Committee. There should be no sub-letting. The prices should be the same as in the local market. The contract should be given as far as possible to local men and in no case should the contract for the whole line be given to one man and there ought to be no monopoly. There was to be no auction. Now, Sir, one more year passed away and nothing was done. In the following year some Members of the Legislature took a deputation

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to the Honourable the Railway Member, Sir Sultan Ahmad, on the very same points. He gave us an assurance that all these points will be looked into. Then two more years passed away and nothing was done. Suddenly we find that there was a Railway Advisory Committee on the 16th September, 1939, and the meeting was held at a time when the Congress Members were absent and the Railway Board had an absolute majority and after settling all these matters from 1931 to 1938, the Board opened the whole question *de novo* before the Central Advisory Committee. The matter was settled time after time and accepted by the Railway Board and why should it be re-opened in 1939, taking advantage of the special position that was created in September?

**The Honourable Sir Andrew Clow** (Member for Railways and Communications) Why should it be re-opened in 1940 again?

**Dr. Sir Ziauddin Ahmad:** These points should not be raised by a change in the personnel of the Railway Board or of the Advisory Committee or of the officials of the Railway Administration. Some definite principles should be laid down and there should be an end to all this trouble. Let us see in what way they re-opened the whole thing. On page 2 of the Summary of Proceedings of the meeting of the Central Advisory Council for Railways, we find this

"It is for consideration whether or not contractors should be required to pay a reasonable sum that will meet either individually or in the aggregate all expenses incurred by the Railway Administrations by the provision of facilities and inspection and in addition make some contribution towards general revenues."

It is the recommendation of the Advisory Committee that these charges should be levied from the vendors and the amount to be levied is to be settled by the railway administrations in consultation with the local committees. Some Members objected and said that care should be taken that railways do not make a profit out of this arrangement. The first point that I want to make is that during discussions from 1931 to 1938 it was decided very definitely that the railways will not make any profit out of their catering arrangements which is an unholy profit, yet the Railway Board got the previous decision reversed.

It is not desirable to tax the poor passenger in this way because you must remember one thing very clearly, *viz*, that if you take away one anna from the contractors, the contractors will realise one rupee from the travelling public. If you want one anna, we will probably let you raise your rates and fares accordingly, but for goodness' sake do not collect this indirect tax. So I would like that the Government should settle this point very definitely that there should be no further talk in this House that the Railway Administration is not going to have any profit from catering business. Now, the second point to which I would like to draw the attention of my Honourable colleagues here is that whenever you leave anything to the Railway Administration subject to the consultation of the Advisory Committee, you really create a chaos, because Railway Advisory Committees have no *locus standi*, and the railway officers may or may not listen to the advice and may not even consult them, because after all every railway officer will try his own experiment according to his own ideas. Such a practice is very dangerous. I might give definite instances, if I had time, to show how this practice may be misused. This is one of the points the Honourable

the Railway Member should settle himself. He may consult any person he likes,—the advisory committee, the railway administration or any group of persons he selects. We would like very much that the Railways should not make any profit from the catering arrangements, and this matter may be settled once for all. If money is needed, there are other sources of revenue. Now the next point was "Should contracts be given to professional caterers only and should there be any limit to the period for which they are given"; and the Railway Board here says—

"It is for consideration that this point be left for decision to Railway Administrations to meet the various local conditions obtaining."

Now, naturally, on the advice of the Railway Administration the Central Advisory Committee for Railways recorded that the Council unanimously agreed that this might be left to the various Railway Administrations to decide, subject to then consulting the local advisory committees. We know what such consultation amounts to.

**Sir Abdul Halim Ghuznavi** (Dacca cum Mymensingh Muhammadan Rural) From what page are you quoting?

**Dr. Sir Ziauddin Ahmad:** It is on page 3, this is the opinion of your Committee of which you were also a member and the other thing is on page 4, the recommendation of the Railway Board to the same effect. Now, the next point was

"That the prices charged should not exceed those prevailing in the locality."

This was really satisfactory because they also recorded the same opinion previously. Now as regards the other matters which are very subsidiary, I do not lay very much stress except on one or two points with which I do not agree for instance.

"The Council considered that an extension of the system of departmental catering was desirable."

Now, I shall just draw attention to one or two more points and then enumerate the points on which I lay special stress. One was and I do maintain that even now the prices at the railway stations are higher than the prices in the locality. I challenged this statement several times and quoted the figures several times on the floor of the House. I went so far as to suggest the Divisional Superintendent and the Superintendent of Transportation, East Indian Railway, that I could produce a contractor of approved ability and of considerable experience in catering who will sell articles at the prices which I quoted. I further suggested that the inspectors may see whether the articles are good and of standard quality. But he would never let me have the opportunity to prove that the prices I quoted are prices at which articles could be sold. I challenged that things can be sold at the prices which I quoted, and at which I have given out contracts at the Aligarh University and at which things were supplied there. I saw no reason why the same article should be sold at higher prices than the price at which it was sold in the University. Now, Sir, I shall sum up the points on which I lay stress and I hope other Honourable Members may also give their opinion. The points which I should like to emphasise are:

(1) That the Railways may charge only a nominal rent or nominal fees for issuing licences, but the Railways should not attempt to make

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any profit out of the catering arrangements. Now, in the absence of any definite principles being laid down, the different Railway administration follow different principles. As soon as the advisory committee revised the old principles, the North Western Railway attempted to make some profits out of the catering arrangements and is contemplating to charge, what they call economic and what I call exorbitant rates. Sir, it is very desirable that this should be stopped and the Railway Board or the Honourable Member for Railways should lay down this principle that in every case the Railway Administration should not attempt to make any profit out of this particular item. The second point is:

(2) There should be no monopoly on the part of any particular individual,—either a monopoly of the whole line or a monopoly of all the articles sold at one particular station. This monopoly I never liked in business. I have tabled a resolution that the monopoly of sale is against the fundamental principle of freedom of trade and, therefore, this monopoly should be stopped and there ought to be a fair competition so that the travelling public may find for themselves as to who supplies better food and at a moderate cost. The contract should be given as far as possible to local contractors, but there should be no monopoly in any article. The third point is:

(3) That the articles should be sold at moderate rates, that is, the rates prevalent in the local markets. That is a principle which has been acceded to by the railway authorities and even the Advisory Committee of the 16th September, 1939, did not object to this particular principle, but I say that some kind of machinery may be created to give practical effect to this recommendation. The fourth point is:

(4) No sub-contracts should be permitted. The Railway Administrations have admitted this principle and they are now putting in terms of contract that sub-contracts are not permissible, but in practice they are allowing a kind of sub-contract. Contractors are employing servants on very low, nominal salary and they keep a good deal of the profits for themselves.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member has exhausted his time.

**Dr. Sir Ziauddin Ahmad:** I shall only take half a minute, Sir,—and no sub-contracts should be given and the period of a contract should be for one year in the case of hawkers and three years in the case of a restaurant. As regards the point as to who should give the contracts to the various persons, this is a point on which I am not very keen, if it is to be left to the local Administration. Travelling public is not interested in it. I have not discussed throughout my speech about the catering for Europeans because they are in a class by themselves and their situation is very different. The Honourable the Railway Member may frame any rules which will not be covered by my arguments. I don't like differential rent for restaurant rooms and restaurant cars. With these words, Sir, I move my Resolution.

**Mr President** (The Honourable Sir Abdur Rahim): Resolution moved:

“That this Assembly recommends to the Governor General in Council to fix without delay definite principles for the sale of food on Railway stations and in running trains, and end the discussions on the subject in Railway Advisory Committees and terminate the continuous experiments by Railway officials.”



**Mr. Akhil Chandra Datta** (Chittagong and Rajshahi Divisions: Non-Muhammadian Rural). Sir, I rise to support the Resolution, but I must confess that I do not feel very much enthusiasm in supporting it, because I find that it is worded in such a manner that it leads us nowhere. All that it seeks to recommend is that some definite principles for the sale of food at the railway stations, etc., should be fixed. It does not enunciate the principles which should be fixed. Therefore, there is absolutely nothing controversial in it, and so it is ineffective. If you care to have these things settled, then I feel that the duty of the Honourable Member who has put forward this Resolution is to enunciate out-and-dried principles which he desires should be fixed. Supposing the Government say that they will fix some principle, the principle being that they will leave the whole matter to the Railway Administration. That is accepting the Resolution no doubt, but at the same time they are not meeting the points raised. Of course, the Honourable the Mover in his speech has definitely laid down some principles and, speaking for myself, I do endorse all those principles. Now, Sir, it is certainly desirable that the whole thing should go on certain out-and-dried principles and it should not be left to the Railway Administration. If I rise to speak on this Resolution, I do so only to illustrate one typical effect of the present system of going on without any definite principles and leaving the whole thing to the caprice and the whim of the authorities.

Sir, I have been furnished with a copy of a representation made by some of the contractors of the Howrah Railway Station. In the first paragraph of this representation, they say that the Divisional Superintendent, Howrah, had served all of them with notices, dated the 17th January, 1940, requiring them to quit the station premises by the 25th of February, 1940, which comes to about five weeks' notice. In that representation, I find that some of the contractors have been carrying on their business for the last 15, 24 and even 37 years. They have gradually built up their business and they have been in it for such a long time, and yet they find that one fine morning they are served suddenly with a notice to quit the station premises within five weeks. That is the inevitable result of leaving it to the discretion of one particular official or a particular group of officials who do not feel bound and fettered by any rules and principles. It might be said that this is the representation of interested people. Here I have another representation made to the General Manager, East Indian Railway, Howrah, protesting against these notices which have been served upon these contractors. This representation is signed by respectable and responsible persons of the town. I shall simply give the designation of these people. One is a retired Deputy Auditor of the Railway Accounts. One is a Rai Bahadur, pleader and public prosecutor, Hooghly. Another is an advocate and an *ex-M. L. C.* There is another gentleman who is an advocate and is also an *ex-M. L. C.* There is one gentleman who is a Member of the Bengal Legislative Assembly and the Chairman of the Howrah Municipality, and so on. They say that these people have been serving the public very well. There have been no complaints against them and they are local people and there is no reason why these very old people should be asked to vacate the station premises within five weeks. May I bring this particular grievance to the notice of the Honourable the Railway Member hoping that pending the adoption of these definite principles, or apart from them, this particular grievance of these

[Mr. Akhil Chandra Datta.]

Howrah contractors may be taken into consideration by the Honourable the Railway Member? With these words, I support this half-hearted Resolution.

**Sir Abdul Halim Ghuznavi:** Mr President, I support this Resolution.

12 Noon. The Honourable the Mover made five points. The first point he made was that the railways should not make a profit. The second point was that there should be no sub-letting. The third point was that the price of the foodstuffs that is sold should be fair. The fourth point was that there should be no monopoly of contracts, and the fifth point was that contracts should be given to local persons as far as possible. He then informed the House that at the meeting of the Central Advisory Council for Railways held in Simla on the 16th September the Council unanimously agreed that the giving of contracts had best be left to the various Railway Administrations to decide, subject to their consulting the Local Advisory Committees. My friend, the Mover, also commented upon that and said that it was much better that the Honourable the Communications Member should lay down the policy once for all so that all the railways throughout India may follow that policy and not leave it to the General Managers and Agents to bring up the subject from year to year. Let me now give you a concrete picture. I will give you concrete instances to show that all these five points are ignored. There was a meeting of the Local Advisory Committee in Calcutta on the 26th of January, 1940. I am a Member of that Committee. Certain Bengal contractors came to me on the 25th January stating that they had been called upon to quit the station premises by the 25th February, 1940, that the General Manager had decided to give the monopoly of Indian catering throughout the whole of the East Indian Railway system to a particular firm not only at the Howrah station and in the Howrah Division, but other contractors, such for instance as Messrs Kapur & Co, who had the catering at stations within the Dinapore Division had also been asked to quit so that the catering throughout the line may be entrusted to Messrs Ballabhdas Eshwardas for whom the General Manager had a great fancy. These contractors who came to me gave me a copy of their petition to the General Manager in which they requested him to give them an opportunity of presenting their case to him. As nothing came out of it, they requested me to take up the matter at the next meeting of the Calcutta Advisory Committee which was fixed for the 26th January. I thereupon requested them to provide me with a list of the names of the contractors, the duration of their service and their record. I got this list which I shall presently place before the House. Armed with these documents, I attended the meeting of the Railway Advisory Committee on the 26th January. After the matters on the agenda had been discussed, I asked permission of the General Manager to raise this question about the change of contractors. I told the General Manager that the Advisory Committee had not been consulted before the change was effected. I pointed out to him that there was a circular issued by the Railway Board to all the Railways as a result of the Resolution moved by Dr Sir Ziauddin Ahmad and this circular enjoined on the Railways that in the case, not only of a drastic change, but even of any change, the General Manager should consult the Local Advisory Committee. Surely, change of contractors over the whole system of a railway is a very important change which requires that the Advisory Committee should be consulted. I told the General Manager that as far as I was

aware the Committee was not consulted and yet he gave definite orders that the contractors should quit the premises by 25th February. I asked him to give notice. The General Manager said: "what is the good of giving notice? The next meeting will be after the 25th February. You cannot discuss it then. There is no good of postponing it. I am expecting a fight and I shall fight with my back to the wall". I said: "Thank you very much, the fight will be there".

What is the position? These contractors have been serving for many years. According to the statement given to me one has been serving since 1917. He supplied tea and tiffin to the Hindu regiment during the strike period on more than one occasion. He was entrusted to serve the Viceregal staff at the times of their move to Calcutta annually. He also served His Royal Highness the Prince of Wales staff at Begunpur. The other contractor has been serving since 1929. All these six contractors at the Howrah station, including one Iswar Singh who is a Lieutenant in the army and who is an M. B. E., have been asked unceremoniously to quit the premises. This bombshell was thrown on the 17th January asking them to quit on the 25th February. Why? To make room for a monopolist. The service record of these contractors shows no complaint. I have got a lot of literature on the subject, but I do not want to waste the time of the House by reading it. The General Manager has discreetly allowed the Muslim contractor at Asansol to continue. He knows that Dr. Sir Ziauddin is here to fight out their cause if any injustice is done to the Asansol contractor. The Muslims are not touched. The Marwari refreshment room contractor at Moghul Sarai also is not touched, perhaps because my Honourable friend, Babu Baijnath Bajoria, will rise in arms against the General Manager if he does so. Leaving these two, all the rest have been touched and some of them have already been wiped out of the East Indian Railway and others are to follow so that the contract may be given to the redoubtable Ballabhdas Eshwardas.

**Mr. Akhil Chandra Datta:** The Asansol contractor is there all right.

**Sir Abdul Halim Ghuznavi:** I already said, my dear Deputy President, that the Muslims are not touched.

**Mr. President** (The Honourable Sir Abdur Rahim) The Honourable Member never addresses the House in proper form.

**Sir Abdul Halim Ghuznavi:** I beg your pardon, Sir. I think I have showed that the Advisory Committee was not consulted. I can give you several other instances. I have got only 15 minutes and, within that short time, I cannot do justice to the cause I am pleading. The Honourable Member for Communications will hear more on this subject during the general discussion on the railway budget. In view of the fact that the opposite Benches are empty, we shall get a little more time to go into all the grievances in detail and inform the Railway Member of the true state of affairs. I have not the slightest doubt that if he is convinced, he will redress all the grievances. I shall bring to his notice the rotten state of affairs in the East Indian Railway administration. The time has come for a thorough overhaul. Temporary stop-gap remedies will not avail. The carriages are rotten and attention is not paid to them. The seats are so narrow that a stout man like myself cannot sleep on them. The tract has not been attended to long enough and now they have to be

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undertaken in so many places as to delay the arrival of trains at destinations. The House wants company railways to be taken over by the State but many of them are surely far better run than the State Railways. Sir, I, therefore, whole-heartedly, support the Resolution and hope that my Honourable friend, the Communications Member, will lay down a policy once for all to be followed by the General Managers or the Agents of the Railways.

**Mr. Lalchand Navalrai** (Sind · Non-Muhammadan Rural) Sir, I claim to have some knowledge of this subject and as a member of the Central Advisory Council and one of the Local Advisory Committees I have taken some interest in it. I hold no brief for Ballabhdas's or for Kapur's but I will put the facts as they are. Unless some definite policy is laid down there will be no end of this trouble which is only due to the greed of the railway administrations to make money out of these contracts. Before 1937 there was no license fee and only a nominal rent of one or two rupees was charged on refreshment rooms. Subsequently, the railway authorities wanted to make revenues out of this and started to charge heavy amounts with the result that the refreshment room people and the vendors gave bad food. Questions were asked in both the Houses of the Legislature and in the other House the Honourable Mr. Pantulu said.

"Already the food supplied is of a very inferior quality and the cost is somewhat prohibitive. The new venture of the railways to get additional revenue and realising large amounts of fees by auctioning these contracts will very much deteriorate the food and it will make it more costly for third class passengers who are the main customers of these food-stalls."

He was supported by the Honourable Lala Ram Saran Das who said

"I was not present, otherwise I would have urged that this tax should not be put."

This tax, Sir,

**Mr. President** (The Honourable Sir Abdur Rahim) The Honourable Member ought not to dwell so much on the proceedings of the other House.

**Mr. Lalchand Navalrai:** There were similar questions and discussions in this House also. My point is that the trouble will not end unless the railways decide not to make any profit out of this concern. I was present at the meeting of the Central Advisory Council on the 16th September, 1939, and, the first question taken up was about the rent and license fees. My Honourable friend, Sir Ziauddin, wanted that some instances of hardship on the public over the North Western Railway be shown. First, it was decided to have a nominal rent and reasonable license fee. Subsequently, they appointed a subordinate officer to assess the rent and license fee, and the surprising thing is that he recommended persons who were giving nothing or only one or two rupees as rent. The North Western Railway adopted those exorbitant figures assessed by that subordinate officer and began to charge the vendors and refreshment room people accordingly. It is well-known that Ballabhdas, a man from Calcutta, was given the contract in Delhi instead of a local man, and he inflated the offer and paid Rs. 7,000 to the railway. There were complaints and it was decided not to renew his contract, but still it has been extended by another year although no agreement has yet been made. I submit that that should not be done.

Then on the question of rent and license fees the Central Advisory Council laid down no definite principle. This is what they say.

"Charges should be levied by Railways on refreshment rooms and license fees should be recovered from vendors. The amount of such charges, and the method by which they should be levied, should be left to the railway administrations acting in consultation with the local advisory committees."

Again it is left to the railway administrations and probably another officer will be appointed who may swell even the former assessment to say Rs. 4,000 for one place, Rs. 1,000 for another and Rs. 500 for another and so on.

**The Honourable Sir Andrew Olow:** The Honourable Member has not completed the sentence. If he will read it to the conclusion he will find that the principle is enunciated at the end.

**Mr. Lalchand Navalrai:** I am coming to that and I shall explain it fairly. I say that if we leave things to the reasonableness of the administration we will be at sea. It is said that it should be nominal and reasonable. But why should not that be decided by the Local Advisory Committee? Why should it be left to the administration? In concluding my above quotation I say the proviso is 'reasonable charges'. What are those reasonable charges? If an officer says that Rs. 1,000 is reasonable, then it becomes reasonable. It has been said that the Local Advisory Committee would be consulted, but I ask whether the Local Advisory Committee has been consulted either in Lahore or in Karachi since September, 1939. Nothing has been done and the proviso is only an eye-wash. The administration sitting in Local Advisory Council often say to the members "We have made inquiries yours is only advice and we may act upon it or not or in our opinion your advice should not be accepted." This happens many a time.

As regards rates for foodstuffs, it is urged that it should be the bazaar rates but we should be fair to the people who have to come to the stations to sell these things, and make all allowance to them when they have to spend more or engage more persons with the result that their charges go up than those in the bazaar. The rates, therefore, might have to vary a little.

Then as regards this monopoly, it is very disturbing factor to the public. There are some favourites with the administration. I find contractors have been there all along for fourteen years. Then—

"The Chairman explained that the term professional caterers meant those persons who are already engaged in the catering trade either on railways or elsewhere. The term was intended to include those who were not so engaged."

Under this shelter favourites are being taken, just as it was said now that in the East Indian Railway the General Manager has been giving it to this Vallabhdas for so many years and he continues even now to do so and is refusing it to others . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member has two minutes more.

**Mr. Lalchand Navalrai:** I will finish in two minutes, Sir. Further the Central Advisory Councils report says.

"Should the contracts be given to local professional men or would more satisfactory results be obtained by giving contracts by areas or sections? The Council unanimously agreed that this might best be left to the various railway administrations to decide subject to their consulting the local advisory committees."

I do not agree with this, if you are going to give it to outside people in order to see that local men do not get it, it is not fair. I say that local persons should be given these contracts. As regards inspection of food, if it is to be left to the station masters or inspectors, it will be leaving it in the hands of people who cannot be considered to be very impartial; it cannot be denied that they are helped by these vendors in some ways.

**Mr. President** (The Honourable Sir Abdur Rahim) The Honourable Member's time is up.

**Mr. Lalchand Navalrai:** Therefore, I am submitting that the principle should be laid down definitely.

**Mr. N. M. Joshi** (Nominated Non-Official) Sir, this question of catering and supply of food at railway stations seems to me to attract a little too much attention in this House. I agree with my Honourable friend, Mr. Lalchand Navalrai, that we are getting into a great many difficulties regarding this subject. One of my difficulties is that we have to listen to too many questions on this subject and also to too long discussions on it. In my view the real evil lies in the fact that the Railway Board and the Government of India in the Railway Department have lost confidence in their own capacity to manage the railways. For a number of years they have stated the policy of having contractors. They have contractors in their own workshops. They have contractors to manage *hamals* or porters at railway stations, and, of course, they like to have contractors for catering food to railway passengers. I suggest to the Government of India that they may have contractors in the place of Members of the Railway Board and

**Mr. M. S. Aney** (Berar Non-Muhammadian) Will you take the contract?

**Mr. N. M. Joshi:** they may even think of auctioning the work of the Railway Member, and we may expect even the Governor General's post being auctioned to some contractor. I think that if this evil is to be avoided, it can be avoided only by adopting the suggestion of the Railway Advisory Committee. It is their last suggestion, but the most important one. It is this the Council consider that an extension of the system of departmental catering was desirable. The Honourable Member says that this has been objected to not by the House, but by some Members of the House, I admit. But if all this trouble is to be avoided, if the passengers are to be provided with better food, I will not say the best food, if the arrangements are to be better than they are today, the Railway Department should undertake the management of the catering themselves. On

some railways the railway authorities do make arrangements for departmental working in this line, and I think there are not more complaints on that railway than on other railways. The evils complained of are inherent in the system of contracts. You cannot avoid them. Dr Sir Ziauddin says you should not give auction for different centres; the railway must not make a profit; there must be no monopoly. If there is to be no auction, what will take the place of the auction? Favoritism. Or you should have departmental arrangements for catering food, in the latter case the public should criticise in the Local Advisory Committees, in the Central Advisory Committees and the Legislature. That is the right way. But if you have private contractors, you will have to auction, that is the only way, which is the proper way if you want to have private contractors. If you will not auction, what will happen? There will be favoritism, bribery and corruption. Some people are against monopoly. It is true, private monopoly is not good, I do not believe in it, but if it is State monopoly, it is much better than a monopoly of private contractors. There are people who are against sub-letting, but if you are in favour of contractors, why are you against sub-contractors? There is no reason given for that. The contractors hold the sub-contractors responsible. None of these evils can be avoided if you want to have the system of contractors. If you want to abolish these evils, then you should insist that the Railway Board themselves should make arrangements for providing food to the passengers as they do for several other purposes. Unfortunately, as I said before, the Railway Board has lost confidence in its own capacity. They must have contractors to manage the various activities on the railways. The best thing is, Sir, to have another Railway Board which will have confidence in its own capacity to manage all the affairs of the Indian railways.

Sir, there is one more point which I would like to touch, and that is the policy of the Railway Board generally as regards making arrangements for poorer passengers and for what I may call better placed passengers. Sir, in this Report of the Central Advisory Council it is stated that in the case of restaurants and shops for poorer people the railways can take more money for licenses and for auctions, it is only in the case of European style restaurants they cannot charge high rates, because these restaurants do not pay, and the people who resort to the European style restaurants are not willing to pay more. If I may say so more clearly, they are not willing to pay for the food which they take. If these people want to go to European style restaurants, I think they should be willing to pay for the food they want . . .

**Sir Cowasji Jehangir** (Bombay City Non-Muhammadan Urban) They get it free.

**Mr. N. M. Joshi:** Sir Cowasji, you have not read the Report of the Railway Advisory Council. You cannot maintain restaurants for people who want food of the European style without a subsidy. That means you may pay, but you don't pay fully for the food which you take, you live upon the charity of the public. At page 4 of this Report, this is what they say . . . . .

**The Honourable Sir Andrew Clow:** May I know where it is stated there must be a subsidy.

**Mr. N. M. Joshi:** If the Honourable Member insists, I will read that portion.

"Sir David Devadoss in supporting that view remarked that European catering in most cases is not a paying proposition, because the number requiring European food is relatively small ..."

**The Honourable Sir Andrew Clow:** There is no question of subsidy there.

**Mr. N. M. Joshi:** But the word may occur if the Honourable Member will have some patience:

"He added that firms who undertook that form of catering did so in the hope of making up their losses in some other way."

I do not know in what way,—

"possibly out of certain of the refreshments rooms or even by some form of subsidy"

That was his opinion

**The Honourable Sir Andrew Clow:** I understood the Honourable Member to say that the Central Advisory Council has laid down the principle that there must be a subsidy for European refreshment rooms

**Mr. N. M. Joshi:** I did not say that. The Reporter will give you exactly what I said. I do not admit that I made that statement. I did not make the statement that the Central Advisory Council said that. I said it is being done. I make that statement on my own responsibility that the Railway Board pays for the losses incurred on account of these restaurants . . . .

**Sir Abdul Halim Ghuznavi:** That is not true.

**Mr. N. M. Joshi:** It is a question of investigation. I am quite ready if the Railway Board will make an investigation. This is in accordance with the policy which the Government of India generally follow. They are willing to spend money for the convenience of the rich. I am not alone in saying this, but even some Railway Committee which inquired recently into this matter showed that the first class in the Indian railways does not pay its way; it needs some subsidy. I, therefore, feel that the Railway Board should give up this policy; it is a rotten policy of charging money for providing refreshments for the poor people when you make losses on restaurant rooms and other arrangements for those people who take refreshments in European style. I, therefore, feel that the Government of India should consider this question seriously and they will have a little more confidence in their own capacity and manage all the arrangements themselves, and in the second place change their policy of helping the rich travellers at the cost of the poor people.

**Mr. M. S. Aney:** Sir, the Resolution which my friend, Dr. Sir Ziauddin, has moved is not definite in its terms. He only wants the Governor General to accept the position that some definite principle should be laid down for the sale of food at railway stations. My friend, no doubt, in the course of his speech, has laid down the principles which he wants the Railway Board to accept and enunciate in this matter, but those principles have not



been definitely stated or indicated in the Resolution itself. So the Government, if they are inclined to accept this Resolution, will have to read this Resolution in the light of the principles enunciated therein by the Honourable the Mover, otherwise definite principles, such as the Railway Board may think proper, may mean anything and everything. Therefore, I am of the opinion that the Resolution, as it is worded, does not by itself convey to the House as well as to the Government what exactly is the position which the Honourable Member wants the Government to take. Anyhow, he has made that position very clear in the course of his speech, and I take it to be the intention of the Mover

Sir, the Resolution is important from the point of view of the travelling public. It is no doubt true that this question has been frequently debated in the Central Advisory Council as well as in the Local Advisory Committees, and also very often on the floor of this House a number of interpellations have been put on this question. That in itself indicates the volume of discontent at the existing arrangements. It is no use being tired of questions being put on this point. It is, in my opinion, a proof that people are not satisfied, that the travelling public are not satisfied with the arrangements that exist at present, and, therefore, more serious attention has to be given to the arrangements which exist at present in the matter of supply of food to the travelling passengers

One thing I find is that these arrangements are different on different lines, and different even on different branches or sections of the same line. I really do not know why it should not be possible to introduce some uniform arrangement on all State lines so far as the food supply arrangement is concerned. If some uniform arrangement is admitted, then it should not be beyond the possibility of the Railway Board to think of some scheme to bring it about. That is one suggestion which I want to make in this connection. I entirely agree that the system of monopoly should not be allowed to grow, and if it exists anywhere it should be done away with, because it is quite possible that, if there is a monopoly, there is also tendency to extort more from the customer and there is nothing to put a stop to that evil in that case. But in the resolution of the Central Advisory Council, which was read out to this House, one point has been made perfectly clear, namely, that in making any arrangement whatsoever for the supply of food to the travelling public, the Railway Board ought not to make it a source of revenue to itself and should not think of making any profit at all. If that one central point is carefully borne in mind, namely, that it should not be a source of income to the Railway Board, then, I believe, it should not be very difficult to think of an equitable arrangement which will be beneficial to the travelling public and not be unnecessarily costly to them.

I am not entirely agreeable to the suggestion made that the rate at which food is to be supplied at the railway stalls or to the travelling public should be identically the same as the rate obtaining in the market. It is necessary to maintain a higher standard of cleanliness, a higher standard of quality of food and a higher type of service, and if all these are insisted upon, probably a little higher charge will have to be conceded. And what should be the higher charge or the difference which has to be paid by the travelling public in excess of the market rate is a point on which it would not be possible for the Railway Board to lay down a uniform policy

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everywhere For that purpose it would be necessary to take this question for consideration to the different Railway Advisory Committees who are in a better position and are better acquainted with the various kinds of food that are to be sold on the different lines and different branches of the same line I am told that at present the arrangement is like this It is not only that there are different contractors for different stations, but different contractors for different articles sold at the same station Now, when you have such an arrangement, it is difficult to exercise proper control. So, I am of opinion, although I am not in favour of monopolies—it might be possible for the railway line to be divided into certain sections, and some sections at least may be placed in charge of some responsible contractor if departmental arrangement is not to come into force there But the present system which you have got, namely, different contracts for different kinds of articles sold there makes the work of inspection and enforcing certain given instructions properly almost impossible Therefore, I would suggest that the policy of Government should be, in the first place, as has been suggested, to make this arrangement departmental, a suggestion which has already been made, but if for some reason or other the Government think that the departmental arrangement cannot be introduced at once, I think it would be better to divide the line into certain reasonable sections and to place each section in charge of some responsible firm or responsible contractor who can be asked to make the service in conformity with the instructions issued by the Railway Board

**Mr. N. M. Joshi:** Unless you have two contractors in one place, you cannot avoid monopoly

**Mr. M. S. Aney:** Monopoly or no monopoly, if you once make up your mind that you are not to make a profit out of it, I do not care whether it is in charge of this man or that man We are against monopoly because it is likely to yield to that other evil, but if that evil is going to be eliminated, I am not concerned whether it is in charge of the same man for a number of years or different men for the same year The result is that the travelling public is not affected if that principle is conceded.

**Mr. N. M. Joshi:** Unless there are two contractors at each station, monopoly is not avoided at all. You must have two contractors in each station to avoid monopoly Otherwise rates will go up.

**Mr. M. S. Aney:** I can understand that if monopoly is to be avoided, there will have to be more than one man, that position I can very easily understand But if I am against monopoly, it is for this reason that the monopoly is likely to give undue privilege in the hands of one man, so that he may demand more than what is reasonable from the customer If that evil can be eliminated in some other way, I am not against monopoly. Monopoly by itself does not frighten me, but what frightens me is that it is likely to yield to the evil that the contractor, the monopolist, may demand more than what is reasonable, and there is nothing to put a stop to that evil.

**Dr. Sir Ziauddin Ahmad:** Will you give the contract on different sections to the same contractor?

**Mr. M. S. Aney:** Not necessarily. Different contractors may be placed in charge of different sections.

**Dr. Sir Ziauddin Ahmad:** Not the same man?

**Mr. M. S. Aney:** Not necessarily the same man. In fact, I should like to avoid the same man being put in in charge of different sections.

There is another point to which I wish to refer before I sit down. I am told that there is a kind of discrimination observed by the railway authorities in the case of the arrangements made for the supply of food to certain higher class passengers and supply of food by the Hindu and Muslim contractors, a point to which some reference was made by Mr. Joshi. I am told that most of these European restaurants and other persons who keep their stalls there have to pay practically no rent at all, or they get their rooms for a nominal rent, and sometimes for no rent at all. I am also told that they have also an exclusive monopoly to supply passengers with certain kinds of drinks. That is a great source of income to them.

**Mr. M. A. Jinnah** (Bombay City, Muhammadan, Urban) That has stopped.

**Mr. M. S. Aney:** Stopped in Bombay, but not everywhere. My Honourable friend comes from Bombay and so he knows the arrangements there, but other persons are more fortunate in this matter. They make money there.

**Sir Cowasji Jehangir:** We are penalised.

**Mr. M. S. Aney:** You are becoming more virtuous for that reason,—that is what we are told.

**Sir Cowasji Jehangir:** That I am doubtful about.

**Mr. M. S. Aney:** I am told that this policy of allowing them a monopoly of selling drinks enables them to make large profits. The complaint of the Indian contractors is that either the European contractors should be brought down to their level, or they, that is, the Indian contractors, should be raised up to the level of the European contractor. They must be given these concessions or facilities or that those concessions and facilities which the European contractors enjoy should be done away with. One of the two things must be done and both of them must be asked to accept the contract on uniform conditions, and there should be no discrimination of any kind whatsoever. I was told at the meeting of the Railway Standing Committee that in that case it would be impossible, on certain lines at least, to maintain European restaurants, and so on.

**Mr. N. M. Joshi:** Don't do it.

**Mr. M. S. Aney:** I believe European passengers should have no objection to being served by the Indian contractors if they get the proper type of food. They should have no objection to the other method being tried. Those persons who take advantage of the European arrangements are in a position to pay more. If they want to lead that fashionable life and to

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enjoy a particular type of food—I do not know whether it is better food or not, because I have not tasted that food at all—they should be in a position to pay more. I may also say that the Indian contractors have to pay for the electric installation at the stations and they have to pay very exorbitant rents.

**Mr. President** (The Honourable Sir Abdur Rahim). The Honourable Member has exceeded his time limit

**Mr. M. S. Aney:** I have also finished, Sir. That is a point which the Railway Board might well look into. These are the few suggestions that I want to make, and, with these remarks, I support the Resolution of my Honourable friend, Dr Ziauddin Ahmad.

**Mr. Muhammad Nauman** (Patna and Chota Nagpur *cum* Orissa Muhammadan). Mr. President, commending the Resolution for serious consideration of the Government, I would like to point out that the question of Indian catering has not been satisfactorily settled as yet in spite of best efforts and best desires. The Central Advisory Council for Railways considered this question from time to time and it was discussed also, as Dr Ziauddin Ahmad pointed out, in the meetings of the Council held on the 3rd October and 8th October, 1936. Certain principles were laid down, namely, "no subletting should be done and in no case there should be a monopoly in any form, no monopoly at all to any individual firm or of any particular class of catering. No particular line of catering is to be given to one firm over a large area." Another thing was that there should be no spirit of getting any profit or gain from these contractors by way of licences or rents. This matter was again brought before the Central Advisory Council for Railways on the 16th September, 1939, where I had the good fortune of being present. It was agreed that the details would be left to the General Managers of the Railways subject to the advice of the Local Advisory Council, but what do we find in practice? The powers conferred on the General Managers are being used for making experiments according to their own humours and whims and they do not at all care to take the advice of the Local Advisory Committees as my Honourable friend, Sir Abdul Halim Ghuznavi, has just pointed out, in connection with the question of the Indian Refreshment rooms. General Managers are being guided by different principles invented by themselves for their experiments. The principle initiated by the General Manager, East Indian Railway, is that of a monopoly for one caterer all over the line. He wants to introduce a system analogous to the system of European catering and he says that he wants one man for the Hindu side of the catering and one man for the Muslim side of the catering all over the line. This is an argument put forward by the administration with a view to maintaining one single contractor for Hindu and Muhammadan refreshment rooms on the lines of Kellners. Without going into details of the position of food supply by Kellners on European methods and by Indians on various lines of various preparations of Indian tastes confined to certain localities, I would like to point out the following discrepancies in the argument. Kellners have only to cater the refreshment rooms whereas the Hindu and Muhammadan contractors have two distinct divisions of the so-called contract, (a) the catering of refreshment rooms,

and (b) the vending of sweets and *puries*, etc. Honourable Members would realise that the two different jobs of the Indian contractor require special arrangements on two different and distinct lines. By no means it can follow that, if an Indian contractor can cater satisfactorily the refreshment room, it is also to be presumed that he will be able to arrange vending of sweets and *puries* with the same satisfaction and the same may also be argued *vice versa*. So far as the catering of Kellners is concerned, the food is the same throughout India, from Cape Comorin to Peshawar, whereas Indian food differs after every 300 miles or so. The food which suits the taste of a Bengali will not suit the taste of the people of Madras or of the United Provinces. Nobody having the least idea of the territorial divisions and the different cultures existing in this country would consider that the same arrangement can be introduced in Indian catering as are done by the Kellners for the European style. Indian side of the catering requires altogether different arrangements.

There is another point which I want to place and that is that the idea of the administration to give a monopoly to a single contractor from Howrah to Delhi or Ghaziabad will take away the sense of competition from the contractors. People living in different parts of India can realise what hardship it would mean to a man of Lucknow if he is supplied with Indian food of the most delicious type catered in Madras. This fact alone is sufficient to convince anybody of the necessity of maintaining contractors who have definite facilities in the areas in which they cater. The administrations will find themselves in an impossible position in the event of complaints which may be even so numerous that the administration may feel to cancel the contract of the one who holds a monopoly, but the administration, having removed competitors, will not be in a position to get any other contractor immediately to take up the particular area where the administration is convinced of the incapability of the monopolist contractor. It might take them eight months or six months or even four months before they can find a substitute. But what about the period during which the mischief may be continued in spite of the consciousness on the part of the administration that it is very wrong that the passengers should be definitely dealt with in a bad manner. It may be argued that the said monopolist may be chastised and asked to mend his ways, but the normal pressure of admonitions and benedictions can hardly be worthwhile depending upon for any better results unless the administration is in a position to give any contractor a substantial threat of penalty and cancellation. Unless replacement is possible no good can ever be served.

Another factor is that the local authorities, say even the Divisional Superintendents, will have hardly any control on such a monopolist caterer, and this will only relax the sense of supervision on the part of the local railway authorities who have been normally vigilant in the event of bad reports from the travelling public. The position of the Divisional Superintendents will be reduced to that of the public in this matter who may only report the complaints. I hardly believe any officer would have the courage to deal with a big monopolist who is running a big firm in a particular place even if he is not behaving properly, as the subordinate officer's position is only reduced to that of a reporter and nothing more. The monopolist on the East Indian Railway, Ballabhdas Ishardass, being big financiers and having their office at a place like Calcutta, will hardly be approachable by the travelling public or even by

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the responsible representatives of the people. How can a man at Lucknow or Moradabad effectively complain in such a case? Moreover, can a firm at Calcutta, who never own any hotels or outside catering any where, make the same adequate arrangements at Lucknow or Moradabad as a local firm can do who are running hotels in those places. Mr. Lalchand Navalrai has pointed out that one Ishardass Ballabhdass has been given a big contract over a large part of the East Indian Railway, although they were condemned for the purpose of catering contracts after their experience at the Delhi Station a few years ago. But now they are in the favoured position of being considered to be the monopolists of the East Indian Railway for the Hindu side of the catering. There is a lot of hue and cry over this firm. I have received and many other Honourable Members have received representations from many people, including Seth-Lall Mehendur Kumar, Tundla, Sethlall Hundlal, Etawah, and others. I am speaking for the East Indian Railway mostly, because that is my constituency, and I am conversant with most of the facts there. I have received copies of appeals from lots of people on the Howrah, Lucknow and Moradabad Divisions and elsewhere. Sir Abdul Halim Ghaznavi pointed out in his speech that the General Manager of the East Indian Railway said he had not laid his hands on the Muslim contractors. Unfortunately the position is not quite that. The position is this. I know that recently Issa Brothers secured an independent position on the East Indian Railway and that at Lucknow and Allahabad also Issa Brothers have been given this position, and that it was said by the General Manager, East Indian Railway, that there are no Muslim contractors, professional caterers of a good type available except his favourites. But I do not know what efforts were made by the administration to procure or find out one, and whether any opportunities were given to other Muslim contractors to come forward and make their offers. I do not want to refer in this connection what experience we have had of Issur Das Ballabh Das, and Issa Brothers, but the less said about them, the better. They may be the favourites of some particular individual or of the East Indian Railway authorities, but the less said about them, the better, so far as their catering is concerned. However, we feel that, in spite of the best efforts of the Central Advisory Council from 1936 to 1939, the Indian catering question has not been solved. One principle was evolved in 1936, but the same was not worked up, and, then, as soon as, in 1939, we gave certain powers to the administration in a good spirit, we find that the powers are being abused.

Now, this Assembly wants to take cognizance of this fact that in spite of these efforts of the Central Advisory Council, we have not been able to do what we should have done, and it is high time that the Railway Board itself, in conformity with the advice which we are giving and in accordance with the spirit of the speeches we are making on the floor of this House, should evolve a principle soon and that principle should be at least this, to my mind and according to the opinion, I think, of the majority of the Honourable Members on this side, *viz.*, that there should be no monopoly on the part of any individual or firm of contractors, and that so far as the two sides of the Indian refreshments and catering are concerned, efforts should be made to have them separate and we should not give one contract to the same person, and that areas and divisions should be divided in a way which will no doubt make it economic to those

professional contractors to have their arrangements but those areas should not be large enough. Say, for the East Indian Railway, you can make one or two Divisions available to one contractor and there the limit should be kept. The same about Muslim refreshment rooms. I do not want to dwell much on the profit-making side of the railways, because this has been the sense of the attitude of the Advisory Council members as well that the Railway Board and Railways should not at all try to make any profit out of the licenses or rents collected through these people. A point was brought out by Mr Joshi, and it was that a sort of subsidy was being given to the European caterers. I have no information whether it is so at all. However I differ from him; my experience is, and I am not shy to say this, that so far as the arrangements as regards the European refreshment rooms are concerned, they have been more satisfactory than the Indian refreshment rooms.

**Mr. President** (The Honourable Sir Abdur Rahim) The Honourable Member has got two minutes more to finish his speech.

**Mr. Muhammad Nauman:** I would just commend this Resolution to the Honourable Member for Communications and Railways for his serious consideration, so that he may examine the whole position on the lines of the speeches that we have made and note that we would not like any firm to hold a monopoly in any particular way, and that the regions should be divided in such a way as would be in the best interests of the passengers, and that efforts should be made for the supervision of the food supplied. There was advice given to that effect in the meeting on the 16th September, 1939, that the administration should appoint Food Inspectors, but I do not know whether any inspectors for particular areas have been appointed or not. It should also be impressed on the administration that this is also very necessary in the interests of the travelling public and of everybody in this country. So the simple purpose of this Resolution is that we want to impress it upon the Government of India that the situation is not very healthy and that the actions of certain General Managers are most objectionable. Then, the railway officers in trying to make experiments bestow favours on some particular individuals, because they think that those individuals may be particularly fit. That Issur Das Ballabhdas, who were once condemned, I think, as my friend, Mr Lalchand Navalrai, pointed out, should be the chosen favourites again now is something surprising and this is done by replacing so many experienced old and good contractors. With the remarks, Sir, I resume my seat.

**The Honourable Sir Andrew Clow:** Sir, I think I had better begin with my old friend, Mr. Joshi, who, ploughing an almost lonely furrow, suggested by way of a very gracious, if an unconscious, compliment that I and the Railway Board would do the catering very much better than those in whose hands it now rests.

**Mr. N. M. Joshi:** Unfortunately you do not feel that.

**The Honourable Sir Andrew Clow:** We are more modest. But I did not gather that that was the general sense of the House. In fact the Honourable the Mover of the Resolution definitely said that he was

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opposed to any extension of departmental catering, and I take the Resolution generally as dealing with the principles which should govern the contracts that are issued for catering. I shall only, before leaving Mr. Joshi, refer to one point, namely, the question of catering for those who live in European style. I am opposed to any idea of subsidies on Railways, and the principle laid down in the Central Advisory Committee meetings did not involve a subsidy; and as regards the rents for refreshment rooms which my Honourable friend raised, what we want to do is to try and charge an economic rent in all cases. If we cannot get that type of rent, we have to consider whether the rooms should stay in the interest of attracting traffic which we might otherwise lose or we should close them. At the moment, we are actually looking into the question of the refreshment cars which cater for those who live in European style. I was struck in my tours by the very small amount of custom that some of these attract, and we are very doubtful whether it is worth while continuing their running. We shall look into the question of withdrawing some of these facilities.

Now to come to the Resolution itself, I think the Honourable the Mover himself would recognize that the wording is somewhat unfortunate. I am asked "to end the discussions on the subject with the Railway Advisory Committees." Well, food is a subject of perennial interest; it is the only subject of conversation recorded in the garden of Eden, I have no doubt that men will be complaining about food so long as the world lasts, and I am not prepared to give an undertaking to stifle discussions in Railway Advisory Committees on the subject. Again, I am asked to terminate "the continuous experiments of railway officials." Well, if I have one complaint to make of some railway officials it is this that they do not make enough experiments. No big business can go on without their making experiments. I am glad that the Mover of the Resolution considers that the railway officials are making continuous experiments. I know they are, in many directions. However, to come to the spirit of the Resolution, I think I will be able to meet the House in certain particulars.

Let me first deal with the question of finality. What the Honourable the Mover was anxious to get was finality and he accused me or the Government of always "re-opening this question." Now who re-opened it? He referred to the fact that in 1936 certain principles had been adopted by the Central Advisory Council. Then, he went on to say that he and certain others had gone on deputation to Sir Sultan Ahmad. Let me read a passage from the Memorandum appended to the last meeting of the Central Advisory Council for Railways:

"In October 1937, however a deputation of Members of both the Houses of Legislature met the Honourable Member for Railways (Sir Sultan Ahmad), and put forward recommendations which differed in some quite important respects from the recommendation of the Central Advisory Council."

In other words, they were not content with the settlement then reached and they wanted it re-opened. Sir Thomas Stewart accordingly indicated in the debate in 1938 that it was necessary for the Railway Board to re-examine the position, so that the reopening came to a large extent from this deputation and I have no assurance that after we have laid down principles again, it will not be reopened once more by another deputation. Then, the Railway Board accordingly had to consult the



General Managers again and we again brought the subject up before the last meeting of the Central Advisory Council that was held about the end of last Session. Sir Ziauddin Ahmad suggested that we took advantage of the Members of one Party being absent and that the Railway Board had a majority. Nothing could be further from what happened. The Railway Board had no majority apart from my own vote. We had one representative of the Railway Board, Mr. Sankara Aiyar. The Advisory Council included such stalwarts as Sir Abdul Halim Ghuznavi, Mr. Aney, Mr. Nauman and Mr. Lalchand Navalrai and on certain points they reached unanimous conclusions.

**Dr. Sir Ziauddin Ahmad:** Please read out the names of other persons also.

**The Honourable Sir Andrew Clow:** Members have this list in front of them and I do not propose to read out all the names. But my point is this that on certain points we reached unanimous conclusions and it is certainly not right that on one of the points on which a unanimous conclusion was reached, certain Members, including Mr. Lalchand Navalrai, should get up and say that they do not agree with it.

**Mr. Muhammad Nauman:** We never thought that the General Managers will make such extravagance and abuse their powers.

**The Honourable Sir Andrew Clow:** Precisely. The Honourable Member now finds that the unanimous conclusion we reached may lead to unfortunate results and so he wants to go back on it. So there is no finality in the matter. Who reopened the matter today? Really, this is not a matter on which I can promise to lay down principles that would be acceptable for all time. So long as there are contractors and so long as they complain to Honourable Members of unfair treatment, so long naturally this question will continue to agitate the minds both of Members of this House and of the public outside and of the Advisory Committees.

**An Honourable Member:** Or until we learn to fast.

**The Honourable Sir Andrew Clow:** Precisely.

Let me come to the more precise points which have been raised. There have been references to the charges made by the railways. Mr. Lalchand Navalrai read part of a sentence; the part which he omitted contained the principle which the Central Advisory Council had adopted and in spite of my request he did not complete the sentence. The sentence went on to say:

"bearing in mind the paramount importance of adequate supplies at reasonable rates to the travelling public."

Let me make the position quite clear. There have been attempts in the past to treat this matter on what I may call purely commercial lines. There have been attempts to call for tenders and in one or two cases large profits were the result. We have definitely in pursuance of the advice of the Central Advisory Council abandoned that policy and we are prepared to abide by the conclusion that they reached. We shall charge the charges that they suggested. Quite obviously, contractors and others are being relieved from charges that they have to meet in ordinary shops

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and it is not unreasonable that we should charge rent and impose a licence fee, but we are not after to seek to make this a source of substantial profit and the charges will be reasonable and in accordance with what we provide. Where we provide electric light, surely it is not necessarily unreasonable that we should charge for it?

As regards prices, that is a subject also dealt with in that meeting. It is a very difficult subject. Contrary views have been expressed today. Dr. Sir Ziauddin Ahmad has said that he is for the old idea, that the price in the station should be exactly as it is outside. He had a discussion with a station master who pointed out that his attitude was not quite reasonable. Well, I think, as Mr Aney suggested, the station master was nearer the correct view than my Honourable friend. It is not in many cases reasonable to ask that a man should serve within a station where he is to meet only a limited number of people and where he may have to send a man at particular times of the day and where his sales are very limited. It is not really reasonable to ask that he should, in all cases, adhere to the price at which he can sell in a large shop in the bazaar with a constant flow of customers and with a large off-take.

**Dr. Sir Ziauddin Ahmad:** On a point of personal explanation. I was talking of the shop of the same person which was just outside the platform and which also belonged to the Railway administration and not the one in the bazaar.

**The Honourable Sir Andrew Clow:** A shop outside the platform caters for the public. Inside the platform he may be limited to a few times a day at which he has got to send supplies, which may grow stale, and he meets travellers from various parts of India and with different demands.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member can continue his speech after Lunch.

The Assembly then adjourned for Lunch till Half Past Two of the Clock.

The Assembly re-assembled after Lunch at Half Past Two of the clock, Mr Deputy President (Mr Akhil Chandra Datta) in the Chair.

**The Honourable Sir Andrew Clow:** Sir, I come now to what I think was the main subject that was exercising the minds of those Honourable Members who spoke on this motion, that is the subject described, not perhaps entirely adequately as the question of monopolies. Normally, of course, there is always a monopoly. If you give a contract to a single man, even at one station, there is a monopoly. That constitutes a monopoly in the sense that he has no competitor offering goods in competition with himself. So far as I could gather the House did not seem keen that we should have rival competitors urging the claims of their wares on stations which are already sufficiently noisy. In fact, Mr. Aney did not like the idea even of separate contractors for different kinds of commodities. What seems to be more intended to convey by this dislike of the monopolist was the idea that a particular contractor could hold contracts over a very wide area indeed. That is a question which arises

distinctly different issues and it was probably purely for that reason the Central Advisory Council last September thought it better not to lay down any hard and fast rule but to leave it to the local administrations. Even when we have given to local officers the power to enter into contracts, we have found cases where officers in the adjoining areas find that their own contractors are not doing very well and there is another contractor giving excellent food and, therefore, they ask him to undertake the contract. In that way particular firms have at times extended their field of operations over major portions of railway in the past, and they often serve more than one of the State railways with which we are now dealing. But I was rather impressed by some of the arguments adduced and particularly those made by my Honourable friend, Mr Muhammad Nauman, when he said that food differs about every 200 miles and that, therefore, a man catering over a very wide area of line is not so likely to meet the local needs and local tastes as a man belonging to that area. It does not of course always happen that you can find within restricted areas suitable men. On the other hand one consideration is that the larger the scale of operation on which a man works the smaller the margin of profit with which he can afford to work which gives the larger man a distinct advantage from the point of view of public interest against the smaller. But I do not propose to develop the arguments for and against any further, because it does seem that the desire of this House is that this question should be re-examined in spite of the conclusion reached at the last meeting of the Council. I propose, therefore, if the House favours this course, to convene another meeting of the Council and refer this whole question of monopolies and the principles that should govern the areas subjected to single contractors. We will make another attempt to see if we can evolve a satisfactory principle. I hope that will meet the general sense of the House.

If that is agreeable, there is one further point with which I have to deal. That is the point raised by you, Sir, and by Sir Abdul Halim Ghuznavi and related to the case of particular contractors at Howrah, and that I know has been exercising the minds of some of the other Members who have refrained from speaking. In that case, I should in fairness to the General Manager make clear that his conclusions on the point were formed before he had received the conclusions of the Railway Board arising out of the last meeting of the Central Advisory Council. But this is obviously bound up with the question of monopolies which we have been discussing at such length and I am prepared to give the assurance that until the Central Advisory Council has met again, the effect of this notice given to the contractors at Howrah will be suspended.

**Mr. Muhammad Azhar Ali** (Lucknow and Fyzabad Divisions: Muhammadan Rural) Sir, usually after an assurance given by the Honourable Member for Government, there does not remain much for any of us on this side of the House to say anything on this Resolution moved by my Honourable friend, Dr Sir Ziauddin Ahmad. But, Sir, the fact is that though the language of the Resolution is rather loose and apt to be construed according to one's own ideas, yet as the Honourable the Member for Railways himself admitted, the spirit of the Resolution could be easily found out, if he is prepared to look into the matter.

**Dr. P. N. Banerjee** (Calcutta Suburbs: Non-Muhammadan Urban): Is not his assurance satisfactory?

**Mr. Muhammad Azhar Ali:** Yes, it is satisfactory. But the feeling about this matter is so great and serious in my own province,—the United Provinces,—that I thought it as well to make a few remarks. Two of the most important nationalist papers, the *National Herald* of Lucknow and the *Leader* of Allahabad have represented in very strong terms about the subject dealt with in this Resolution. It is, therefore, the duty of Honourable Members of this House to take up this question in all seriousness and earnestness. I do not stand here today to criticise what the Honourable Sir Andrew Clow has said. I submit this monopolist system is most repugnant to honest working of the railway administration. This question of proper catering on the railways has of course to be discussed and some finality arrived at. The importance of the subject demands that the Railway Member ought to go very thoroughly into the question. Had the public not been starved to such lengths, the daily papers would not have taken up this question. I am glad that the Honourable Sir Andrew Clow has given the assurance that those people who have been given notice to quit will be given some more time. I find that 90 per cent of the contractors have been removed and that only ten per cent still remain. If such a large percentage of contractors are asked to quit, then there will be terrible unemployment and in the present state of chronic unemployment we should not do anything to add to their number. I do not want to go now into those questions again but I hope that the assurances given will not merely remain in the records of this House but will be acted upon by the Agents and Managers of Railways in view of the importance of this question in relation to the health of the people of India.

**Dr. Sir Ziauddin Ahmad:** Sir, in view of the assurance given by the Honourable Member that he will look into the matter and specially the question of profits and monopolies, the notes that I had prepared for my reply are of no use, and I beg leave of the House to withdraw the Resolution.

**The Honourable Sir Andrew Clow:** Sir, I want to make one point clear. The Honourable Member referred to profits and monopolies. I made the principle of profits quite clear and it is the question of monopolies, as Mr. Nauman urged, that we are proposing to refer to the Central Advisory Council.

The Resolution was, by leave of the Assembly, withdrawn.

## RESOLUTION RE AIR DEFENCE OF INDIA

**Sir Syed Raza Ali** (Cities of the United Provinces: Muhammadan Urban): Sir, I beg to move:

"That this Assembly recommends to the Governor General in Council to take early steps to strengthen the air defence of India by providing suitable air training for the Indian youth and establishing an auxiliary air force, commensurate with the size, population and requirements of the country, to be manned by Indians."

On this occasion, I do not feel called upon to go into the history of England's past relations with India with regard to the vital question of defence. That history, as this House will surely remember, is a long one which unfortunately contains some sad chapters. Let us hope, however, that those chapters have been closed for good and that it will not be necessary for us to refer to them again. It has been authoritatively declared now that the objective of His Majesty's Government is the grant to India of full dominion status, that is to say, dominion status or the Statute of Westminster variety, and it has been pointed out that the intervening period between now and the attainment of that status should be the least practicable. This means, I take it, that every effort will be made by England to help Indians to undertake the defence of their own country, for, on the face of it, it is impossible for any country to become or to remain autonomous unless it is able to defend itself. In view of the authentic pronouncement to which I have already referred, the question that has been raised by me this afternoon ceases to be controversial. The defence of any country consists of three important arms, namely, the army, the navy and the air force. Today I do not propose to discuss the position of Indians either in the army or in the navy. Before the Session comes to an end, I hope to have an opportunity of raising a debate on the entire question of India's defence and the position that Indians occupy with regard to the remaining two arms, namely, the army and the navy. I will, therefore, examine today what part Indians play in the scheme of the country's air defence. In view of the terrific conflict that is raging in Europe I have no desire to invite the Defence Secretary to give us any information which is likely to be of any use to the enemy. I myself will carefully confine myself to such reports and statements as have been published from time to time either by the Government of India or by the League of Nations.

Let me now come to our air force at once and describe to the House briefly what the position is. Our air force is divided into two classes. The first class consists of the force known as the Indian Air Force. The other class which is by far the more numerous consists of the Royal Air Force officers and airmen who are sent out to India for a definite period, which, I believe, is three years, to do duty in India. Now, it will be very interesting to compare the numerical strength of the Indian Air Force and of the Royal Air Force that is sent out to India, as I submitted, for a definite period. The Indian Air Force, according to the published reports, comprises one squadron with reserves. In April, 1936, which is the year for which figures are available, its total strength was, in fact, 507, including both officers and airmen. According to a reply that was given by the Defence Secretary a few months ago, it appears that the Indian Air Force is manned by Indians. It appears, however, that the majority of responsible posts in officers ranks are held by Britishers. According to this yellow paper, which is entitled "Return showing the actual strength of the Army and Air Force in India on the 1st January 1939", of the 38 officers enumerated in it, there were only 12 Indians and the remaining 26 were Britishers. Perhaps my Honourable friend, Mr. Ogilvie, will be able to clear up the point, in view of the answer he made a few months ago to the effect that the Indian Air Force consisted—I believe these are the words he used—almost entirely of Indians.

As against this, let us turn to the numerical strength of the Royal Air Force functioning in India. According to the Armaments Year Book,

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issued by the League of Nations in the year 1938, its strength, was 2079. Now, it is important to remember that that was the strength in April 1936, nearly four years ago. I am sure changes have taken place since, and possibly the number of the Royal Air Force has materially increased during the last four years. As I said, I do not want the Defence Secretary to give us the figures since the 3rd September, 1939, which is a very vital and crucial date; but I am sure there is no harm if he were to state what was the numerical strength of the Royal Air Force, say in the beginning of 1939. It is important also to remember that there was not one Indian who was a member of the Royal Air Force and who could have been included in this number of 2079. All these 2079, whose numbers probably have increased, were sent out to India for a definite period, and all these are part and parcel of His Majesty's Royal Air Force in Great Britain. The connection of these officers and airmen with India is only of a superficial character. We know that the system under which Britishers function as members of the Civil Government and after serving in India for twenty, twenty-five, thirty or even thirty-five years as the case may be, go back to England and take with them all the valuable experience that they have gathered in India during the course of a whole life-time almost, is bad enough. But when we consider the position obtaining either in the British Army to which I will make only a casual reference, but will not discuss for obvious reasons, or when we take into consideration the case of the Royal Air Force, we find that the position is infinitely worse. What is the object, may I know, of bringing in these birds of passage and asking them to stay in India for three years and then go away, taking with them all the valuable experience that they have gained in this country during the period of their service here? India does not save much money by this system, I dare say. I suppose it does save a certain amount of money, but the money that it saves thereby does not represent a very large sum. How do we save and what do we save? The only way we save is that instead of setting up training schools and educating and training our own men to replace the Royal Air Force, the Government allow these men come to this country ready trained, and become air pilots or observers or mechanics or officers as the case may be. No doubt, if we were to start a training school in our own country, the initial cost would involve us in large expenditure. But I am not at all afraid to face it. In the long run it will be a saving scheme because then we will not be required to pay the high salaries we have to pay to these men serving here as members of the Royal Air Force. In terms of squadrons, I may point out to the House that in 1938, the Royal Air Force stationed in India consisted of four squadrons in addition to certain other units.

Now, justice and fairness demand that we should have an Indian Air Force. I do not mind if you call it the Royal Indian Air Force, just as is the practice in the dominions. Canada has got a Royal Canadian Air Force, Australia has got a Royal Australian Air Force. But mark the difference between the two forces. Whereas the Royal Air Force functioning in India is entirely recruited in England, so much so that I believe there is not a single Indian in that force in India today, the similar force in South Africa for instance or in Australia or Canada is recruited from the nationals of that dominion alone. I am not sure about the position in Canada and Australia, but I know this much that

it is impossible for an Englishman from England as such to offer himself for recruitment to the air force of South Africa. They simply will not look at a man from any other country, be it England or Scotland or Wales, unless that man has acquired a South African nationality: unless a man becomes a South African national, it is impossible for him to be accepted for any Government post, much less for recruitment in one of the defence forces.

Now, there is no reason why we should not establish an Air Force of our own. Let me make my position clear, because the words "Auxiliary Air Force" occur in my Resolution. What I mean by the term "Auxiliary Air Force" as used in my Resolution is that the Indian Air Force functions merely as an Auxiliary Air Force and no more. Our main Air Force consists of the Royal Air Force as I have explained to the House, and the Indian Air Force is no more than an Auxiliary Air Force serving in India. Now, Sir, I feel that the time has come when we should try and increase our Indian Air Force as it exists today and proportionately decrease the Royal Air Force. What I mean is this. We know that our Indian Air Force at present consists of one squadron and the Royal Air Force is composed of more than four squadrons. Let us try to raise the strength of our Indian Air Force from one squadron to two and then to three, and then to four and so on, and decrease the numerical strength of the Royal Air Force proportionately. That is the only way to have a real Indian Air Force. Now how are we going to achieve our object? I do not think there are any insuperable difficulties. At present the officer class of our Air Force is sent out to Cranwell for training. They are trained there for 18 months, with some six months training in some British unit. Now, I hope His Majesty's Government will accommodate us by arranging things in such a manner that the number of our officer recruits to be trained at Cranwell may be larger. I sincerely hope it will be possible to do so. If it is not possible to do so, then surely we should set up and start a training school here in India. We know that a large number of training schools are going to be started in Canada. I am sure Honourable Members will remember the Empire Air Training Scheme unfolded in one of his recent speeches by Mr. Chamberlain. According to that scheme, there are going to be no less than 67 training schools in Canada. The number of staff that is going to be engaged on training work will come to 40,000 and the number of aerodromes that are going to be established or are going to be enlarged will be upwards of 80. Now, when England is making such a serious effort, surely it is up to us, in order to strengthen the most useful and strongest arm of defence, namely the air force, to establish at least one training school for officer class in India. The cost, I am afraid, will involve us in a large outlay, but I am sure the money is worth spending.

**Sir Cowasji Jehangir** (Bombay City Non-Muhammadan Urban) What will be the cost?

**Sir Syed Raza Ali:** I do not know. I believe Mr. Ogilvie will be able to throw light on that subject. But may I ask Honourable Members to remember one thing. It was only in September last that a large grant was made by His Majesty's Government on Chatfield Committee's Report to meet the expense of military equipment in India. I believe the figure runs into crores,—I have not got the figure just now, but I think it runs into several crores. Part of that sum, I believe, we can utilise for this

[Sir Syed Raza Ali.]  
purpose. My friend Mr. Aney has just supplied me with certain figures, and I find on a reference to my own speech in this House on the 5th September, 1939, that the amount is 33 crores. Now, 33 crores is not a very large sum when one remembers that military expenditure has a knack of running into huge amounts, but still I take it that there will be no objection on the part of His Majesty's Government to India devoting some of this money to the establishment of a training school for our youngmen who are to be given air training.

Sir, the strength of the Indian Air Force properly so-called is 507. If you compare that figure with the Air Forces of other Dominions, you will find that we are in a hopeless position. For instance, take the case of Australia. Australia has a population of only 68 lakhs, and yet the strength of the Australian Air Force is 2,478. I am referring here to figures for the year 1935. I am sure the number has enormously increased since. Then take the case of Canada. Canada has a population of just over 11 million, and Canada has a strength taking into account both permanent and non-permanent branches of the Air Force, of 1842. Again these figures relate to 1935-36. Take the case of South Africa. South Africa has a total population of 98 lakhs, of whom only two million would be human beings properly so-called, because according to South African notions, the only civilized people are whitemen. Yet the strength of South African Air Force is 1966. If you take the population of these countries into consideration, you will find that they are tiny countries. Their Air Force strength, however, is enormous compared with the small Indian Air Force that we can claim as ours. The second method of strengthening the Indian Air Force that I would suggest this afternoon is this. If it is found on a careful examination of the whole problem—and I think it is time to examine the whole problem in its various aspects and bearings—that India even when helped by England is not in a position to incur the initial outlay that would be necessary for starting a training school, then I would reluctantly suggest that we should take advantage of the Empire Air Training Scheme which is going to be started in Canada.

**Pandit Krishna Kant Malaviya** (Benares and Gorakhpur Divisions · Non-Muhammadan Rural). We have no place there.

**Sir Syed Raza Ali:** My Honourable friend says "we have no place there". Sir, we had no place there, but I think we will have a place there now. After all, remember a very great change has come over political opinions and political views of the people both in England and in India. Things are not what they were before the 9th January, 1940. A very important pronouncement has been made since. I do not think it is right for us to assume that that pronouncement was made only to be thrown into the waste paper basket. (Interruption by Pandit Krishna Kant Malaviya.) I am sure, my Honourable friend will allow me to disagree. There is no reason why we should doubt the *bona fides* of that statement.

**Mr. Deputy President** (Mr. Akhil Chandra Datta): The Honourable Member has got two minutes more.

**Sir Syed Raza Ali:** The second course that I would reluctantly recommend would be that we should take advantage of that Empire Air Training Scheme the centre of which is going to be in Canada. Of course, Canada



is at an inconveniently long distance from here. If we are to send our young men there they will have to be sent out from here to England and transhipped from England to Canada, which will mean heavier expenditure, more time and greater inconvenience. I would like to avoid that as much as possible. To begin with, I am for having an air training scheme in our own country. Failing that, let our young man be educated in England at Cranwell. I would again ask the House not to be full of doubts. As a matter of fact, if there has been fault on the side of England, I do not think we can say there has been none on our own side. One minute more Sir, and I shall finish. In fact, life is full of surprises, but there is no greater surprise in the political life of India than this, that there are people who shout the loudest for independence and yet evince very little interest, if any at all, in vital problems relating to the defence of the country. It may be that it is possible for even inexperienced men when made provincial Ministers to manage or mismanage provincial affairs, but things become very different when you deal with affairs that have to be decided on a battlefield. A general, a colonel, requires long training, and, Sir, it is time that we seriously undertook the problem of giving air training to our young men and having an air force manned almost entirely by Indians for the defence of the country. Sir, I move.

**Mr. Deputy President (Mr Akhil Chandra Datta):** Resolution moved.

"That this Assembly recommends to the Governor General in Council to take early steps to strengthen the air defence of India by providing suitable air training for the Indian youth and establishing an auxiliary air force, commensurate with the size, population and requirements of the country, to be manned by Indians."

**Mr. J. Ramsay Scott (United Provinces European):** Sir, I have every sympathy with the Resolution of my Honourable friend, Sir Raza Ali, that Government should take steps to strengthen the Air Forces of India by providing suitable air training for the youth of India and, in this, I include domiciled Europeans, Anglo-Indians as well as Indians.

**Sir Syed Raza Ali:** All those who have their homes in India.

**Mr. J. Ramsay Scott:** The only real difficulty is that of finance and I hope the Mover can get over that difficulty without taxation. We are still on an emergency taxation basis and have been since 1932 and we are informed that a new tax stares us in the face, namely, the Excess Profits Tax. There is no taxable margin left to provide for necessities.

Let us, however, examine what Government has done. There is a very small Indian Air Force, but, although small in number, it is remarkably efficient and should be extended at an early date. There is also an Indian Air Force Volunteer Reserve. I have for the last three years been urging its formation, and although it was admitted as necessary, it has only recently been formed. The response to the appeal for about 500 air men was excellent. There were over 8,000 applications, unfortunately, of these, 5,600 were not suitable, and 2,400 have been or will be interviewed. Already 1,200 have been interviewed and have produced only 180 men for the Volunteer Reserve and 100 men for the Royal Air Force.

**Mr. C. M. G. Ogilvie (Defence Secretary):** I should like the Honourable Member not to be so detailed in his giving of numbers which at this juncture is not advisable.

**Mr. J. Ramsay Scott:** My object in giving those numbers is to prove what a good response there has been. There are still 1,200 to be interviewed. The full requirements you will see have not been filled. The wastage is so great as the education, medical and eye sight tests are high and the men have to be skilled in engineering or electrical trades. It would seem from the figures that there is no necessity for panic to have more men recruited, but a great effort should be made to get the right type of men to offer themselves and I hope my Honourable friend, Sir Raza Ali, can help the Defence Secretary by obtaining more and better recruits.

**Sir Syed Raza Ali:** I undertake to do it.

**Mr. J. Ramsay Scott:** I can assure him that the Air Force is a good school in which to learn a trade and I venture to say without fear of contradiction that a mechanic or electrician who joins the Air Force will at the end of the war command a better paid job in civilian employ.

You ask what steps Government are taking to train pilots and engineers. The Government subsidy to flying clubs comes to Rs 1,75,000 and a further Rs 51,000 is being spent in lowering flying costs to 84 selected candidates.

**Mr. C. M. G. Ogilvie:** I must ask the Honourable Member not to give these numbers if he would be so good.

**An Honourable Member:** Where did you get these numbers?

**Mr. J. Ramsay Scott:** They were given in the budget of last year.

**Mr. C. M. G. Ogilvie:** I must ask the Honourable Member not to give numbers in the public interest.

**Mr. J. Ramsay Scott:** There are a number of flying clubs each of which is training X number of pilots, Y number novices, and Z number who have a certain knowledge of flying. The subsidy given reduces the flying cost of the selected candidates from X Rs per hour by Rs. 20 per hour for the training period which is a certain number of hours. The Government have also lent each of the flying clubs a training aeroplane which costs a certain sum of rupees. The total amount spent in assisting the youth of India to fly is a certain sum. One of the Port Flying Clubs had a certain number of applicants for some of its vacancies. I hope Government will be able to make larger provision in the next budget. The number of young men who can be trained is governed to a large extent by the number of machines available in India and the difficulty is to get the machines which are needed elsewhere owing to the war. If there should, however, be intensive war in the Air the wastage of men and machines will be enormous and in this lull which may precede the storm every opportunity should be taken to train the personnel. In peace time it takes a certain number of months to train a pilot but in the last war we had to make use of pilots with only a few months training. I do hope we shall not be forced in this war to use such raw material. I was glad to see that several Indians have been taken into the Royal Air Force for the duration of the war. There is one point I would like to bring to your attention and I hope my remarks will be brought to the notice of the Prime Minister and the Secretary of State for Air. I understand that the Royal Air Force have

taken in a number of Indians, domiciled Europeans and Anglo-Indians and I presume that this is only for the duration of the war. I ask what will be their position at the end of the war? I wish Sir Henry Gidney were well enough to be here to put his community's case. The Afghan War, the South African War, the Great War on several fronts and many frontier wars have shewn that the Indian has plenty of pluck and grit. We hear everyday what the Dominions of Australia and Canada are doing in the way of Air training and I see no reason why India should not be allowed to participate and be given an opportunity to at least defend herself as far as the Air is concerned. The best way of defence is to be prepared and to be able to look after yourself if attacked. Must the whole of India be taken as wedded to a non-violence creed? My friends on my right are giving you many proofs that this is not so. Sir, my Group and I support the Resolution on general lines.

**Pandit Krishna Kant Malaviya:** Sir, I do not know whether to congratulate my Honourable friend, Sir Raza Ali, on his Resolution or to sympathise with him in the fate that awaits his Resolution.

**Sir Syed Raza Ali:** I will accept either.

**Pandit Krishna Kant Malaviya:** I know you are a great optimist and you go on hoping. My experience and I am sorry to say my belief is that so far as the training of Indians is concerned either for the purposes of the Army, Navy or the Air Force, the interests of England and India clash.

**Sir Syed Raza Ali:** Not necessarily.

**Pandit Krishna Kant Malaviya:** They do. Why hide the truth. I know it that there is no keen desire on the part of those who govern this country, to train us. If we want independence, call it substance of independence, call it Dominion Status with or without the Statute of Westminster, the one argument that is placed before us is 'what about your defence? You cannot defend yourself'. But if you say train us for the defence of our country they say you are not fit and there are no funds. I went down on my knees and prayed that Indians be trained for the Army, Navy and the Air Force. With all the goodwill in the world, the argument that is always produced before us is the argument produced by my friend, the Honourable Mr Ramsay Scott, that there is paucity of funds. I know war is going on now. There is an emergency and Government cannot easily find the money. At other times there are other schemes which the Government have on hand and they cannot spare money for our purposes. The truth is that there is no will and, therefore, no way. I want to tell you my own experience in this line. In March, 1938, I published a pamphlet and distributed it amongst the Members here and to other friends outside in the country. There I pleaded that war is going to take place in 1939-1940. I begged my countrymen and those in whose hands our destiny lies to prepare us for the defence of the country. I told them that the best thing is to give us training for the Air Force, to make us air-minded and to do all that is possible to help us to defend our country. I said God forbid that there be a war, but if there is one we will be nowhere. Every Englishman will be required to defend England. As a matter of fact we know that what is going on today is only a nominal war and an economic warfare. Everyone knows that even England has not

[Pundit Krishna Kant Malaviya.]

dared to drop a bomb on Germany and Germany has not dared to drop a bomb on England. They have been only dropping leaflets and carrying on propaganda. Not that they are interested in any propaganda or that they believe that that sort of propaganda is going to bring out anything, but the real fact is that if one country drops bombs on another country, there will be retaliation. Both the countries are vulnerable and the result will be that Industrial Centres will be wiped out. There will be a terrible loss of life and property. Suppose for argument's sake that Italy joins Germany. I know Italy is never going to join Germany but suppose it does. Then I want to know whether it would be possible for the British fleet to cross the Mediterranean or the Suez or to defend the shores of this country. Suppose Russia invades India. The Russian forces are within 500 miles of Gilgit and Afghanistan, what is to happen to us? (*An Honourable Member* "Russia cannot fight even Finland") Let snow disappear and Russia will finish Finland in fifteen days. I pleaded that in such a contingency we would not be able to defend ourselves, we will be nowhere, but no help was forthcoming. My friend, Mr Ramsay Scott, has done a lot for aviation. He is the Vice President of the Flying Club in the United Provinces. He is the Vice-President of the Aero Club of India and Burma. All credit to him. He has been doing all that is possible but what has been the attitude of the Government of India? I went down on my knees and pleaded that our youths should be trained. I appealed to my esteemed friend, Mr Ogilvie. He sent my scheme to the Royal Air Force Department. Comm. Peck, who was in charge, thought well of my scheme. He sent for me, discussed the scheme with me and said that mine was a very good scheme and that he was going to recommend it. He even sent a good note to the Defence Department. As soon as the Air Marshal landed here, I was phoned up and I was told that the Air Marshal was very much interested in my scheme. I saw the Air Marshal. He thought well of my scheme and I thought that the scheme would be blessed by the Government of India, I was hoping against hope that that would be done, I was led away, just as my Honourable friend, Sir Syed Raza Ali. I had forgotten the lessons of history, I believed that sad chapters of the past have been closed and I hoped that the Government of India was going to help me but it was not to be. I asked a few questions on the floor of the House and the Honourable Member—not of course the Army Secretary, he has been always most sympathetic, but the Honourable Member in charge of Communications replied that gliding was a mere sport and the Government was not going to waste money on gliding. Now, when England took to it, when the British Government began to subsidise gliding, when gliding institutes and clubs were started in all the counties of England, when England declared that training in gliding was the cheapest and the most economical way of making youths air-minded and giving them training when their experts declared that it was not only very cheap but that the youths trained in gliding turned out to be better pilots than those trained on aeroplanes, that youths can be sent up in the air in an aeroplane after 15 days training in a glider even then the Government did not do anything here. I pleaded before the Government of India that that "your own experts are declaring this thing, will you help me?" Then we met in conference, and I think you, Mr Deputy President, yourself, were present at the conference. The Government spokesman told us that "if you do not import Germans and German machinery, then you might stand a chance of getting some subsidy." We agreed, we declared that we

had nothing to do with Germany or the Germans and that we were prepared to get British experts. We were told that "if you send for a British expert, you must pay Rs 1,000 a month as salary". We agreed. I pleaded only that the Government should bear the cost of the salary. I went on in the belief that the Government was going to help us. Then other difficulties arose. But hoping against hope, I went on doing what I could. I arranged with an expert in England to come over here. He sent me a cable that he was willing to come on £ 40 a month. Then one of the officials of the Government of India wrote to me that the amount that I was willing to pay was not sufficient to maintain a European and I must increase the figure so that he might maintain a proper standard of living. I do not know what transpired, but by the next mail I got a letter from that expert demanding Rs. 1,000 salary, and he had previously been demanding only about Rs. 500.

**Sir Syed Raza Ali:** How did the Government official come to know what was happening between you and the expert?

**Pandit Krishna Kant Malaviya:** I do not blame the Government or any official?

**Sir Syed Raza Ali:** How did he come to know of it?

**Pandit Krishna Kant Malaviya:** I do not blame anybody, I am simply narrating facts. Then I was told that provided we agreed to act and live as a subordinate body to the Aero Club, we might get a subsidy. Some correspondence passed between us but nothing came out of it. I am afraid I may be divulging a secret, my Honourable friend, Mr. Ramsay Scott . . . .

**Mr. J. Ramsay Scott:** Are you sure it is in the public interest to disclose such information?

**Pandit Krishna Kant Malaviya:** I am simply praising you for the help you gave me.

Sir, Europeans as well as Indians came forward to help me of their own accord and they, in their own goodness, without a word to me, approached the official concerned here and placed our cause that some sort of help or subsidy should be given. I do not want to disclose the reply they got. If my friend, Sir Syed Raza Ali, had known that reply, he would not have moved this Resolution today. Sir, I have still been doing everything possible to get a glider so as to make our youths air-minded but, unfortunately, I have not yet succeeded, although I hope to succeed in spite of all that is being done. Fourteen Indian States have given me a subsidy and fourteen Ruling Chiefs have become our patrons. Some of the Provincial Governments have given us grants. I have remitted the money to England but on account of the freight and insurance charges and shipping difficulties, I have not been able to import gliders yet. But I want to tell my friends here that even if I cannot get gliders and experts from England, I hope and I have reason to believe that I will get gliders and experts from Japan and I have plans to train 20,000 youths in three years. I am doing all that is possible and I hope I will succeed some day. But, so far as the Government of India are concerned, in spite of the

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Defence Department being sympathetic, in spite of the Royal Air Force Head Quarters being sympathetic, Honourable Members who guide policies and look at things from political angles . . . .

**Mr. Deputy President** (Mr. Akhil Chandra Datta): The Honourable Member has got one minute more.

**Pandit Krishna Kant Malaviya:** I can say their attitude has been always one of opposition. My friend, Sir Syed Raza Ali, spoke about Canada and the empire training scheme. As soon as this scheme was launched, I raised the question whether any Indian was going to be trained. They are going to train twentyfive thousand youths in three years, they are going to spend money, they will be able to manufacture their own gliders and their own aeroplanes but even in 2,500 youths Indians have no place. Sir, I can assure the House that we can produce our own gliders, our own aeroplanes manufactured by Indians in India, but we are told we have not got the material, although the Himalayas have the heights and the altitudes where we can get all sorts of timber. In fact, we can get better timber than what they get in Alaska. But just as the Army Department does not get the right type of youths for making them Generals or Colonels and just as they do not get the right type of youths to be enrolled in their Navy and Royal Air Force. in the same manner they do not get the right type of timber in this country which can be given the shape of a glider or an aeroplane. We are told we cannot manufacture motor engines. The general practice all over the world, including England, Japan, Canada and America is that every manufacturer of aeroplanes is not also a manufacturer of motor engines that are required for an aeroplane. Generally, what these manufacturers do is that they manufacture the aeroplane and they import the engines from the manufacturers of motor engines who specialise in this line. I said all this to the Honourable Member of the Government of India. I can guarantee that the ordinary carpenter in this country can manufacture a glider which will be as good as that manufactured anywhere else. But my difficulty all along has been that if I get it manufactured by an ordinary carpenter and an ordinary artisan in this country, this Government of India will refuse to give me the certificate of airworthiness. I want my Honourable friend, Sir Syed Raza Ali, to take note of these facts and then to plead the cause of aviation. So far as I am concerned, I know that the Government of India is not going to do anything. Happen what may, it is not in their interest to train us or to create an Indian Air Force. They do not trust us: why then ask them to trust you? Time is in our favour: tide is in our favour. Let us hope that a time will come which will compel them in their own interest to train us or we ourselves will be so powerful that we will train ourselves in spite of them. That is the only thing that can happen in this country and that is the only thing possible in this country. But if my friends want to dream and continue to believe that because there has been a declaration that they are going to grant us Dominion Status, although no specific period is being mentioned and I know that, whatever may happen, Government is not going to declare when that time will come then I wish them luck and I wish them success and it is in this spirit that I commend the Resolution of my Honourable friend, Sir Syed Raza Ali, to the Members of this House.

**Sardar Sant Singh** (West Punjab: Sikh): Sir, the Resolution moved is so simple, modest and urgent in its nature that I wonder if the Government of India is going to take up any attitude but that of sympathy and accept it as it stands. This Resolution is mainly confined to take early steps to strengthen the air defences of India by providing suitable air training for the Indian youths. It does not require much argument that in these days when there is a conflagration in the centre of the world and which threatens to spread over other continents than that of Europe, the Government of India should not fail to realise the extreme danger which threatens India in case of an attack on its borders.

[At this stage, Mr. President (The Honourable Sir Abdur Rahim) resumed the Chair.]

In the despatch that was published about the Chaffield Committee's report, they laid extreme emphasis on this. This is what they said.

"It is for these reasons that the despatch in section 12 lays extreme emphasis on the fact that recent developments have brought into far greater prominence India's potential vulnerability to attack in forms and from directions which would so vitally affect India's own well-being that they would demand her immediate co-operation in effective measures for defence of points outside India which are strategically essential to her security."

That is to say, the expert Committee which considered the defences of India only recently have emphasised two points. The first is that the Indian defences are not adequate. Let us face the facts bluntly and squarely. The second point was that the potential danger from the neighbouring countries is great and, therefore, early steps should be taken to ward off that danger so that at the time of need we may not be found wanting in our defences. While replying to the adjournment motion that was tabled by the Mover of this Resolution in September last, the Defence Secretary expressed the desire that he wants to see India self-sufficient in the matter of the manufacture of mechanical parts of the military armaments including the aeroplanes. But he said that it was too early to expect from the present state of industry in India that India can manufacture her own aeroplanes and other mechanised parts. The declaration of war has given stimulus to industry. Every country is trying to manufacture its own essential equipments so that reliance on outside help should be cut down to the very minimum. Therefore, the two factors which are needed at present and needed urgently are, first the preparations for manufacturing our own aeroplanes and other things and, secondly, to train our Indian youths in order to equip them with the responsibility of defending India's own border. It is really wonderful that the Government of India should not give their full attention to the second part of the case. We find that while air pilots, engineers and others are being trained hurriedly in thousands in other countries, very little is going on in India itself for training the pilots and other necessary man-power to man the air force of India. My friend, the Mover of this Resolution, has quoted figures from the speech of the Prime Minister of Great Britain showing that an attempt is being made to establish training camps and training schools in Canada, a country, which I should say, has no fear from outside aggression at all. Neither from the sea coast nor from the land borders have they got to be afraid of. I wonder why this base has been chosen for the training of air pilots for the British Army except this that reasons of race affinity compelled them to do so.

**Mr. M. S. Aney** (Berar: Non-Muhammadian): Racial bias.

**Sardar Sant Singh:** I would not call it racial bias, with due deference to my Honourable friend. Whatever it is, here in India the country is large, and at the same time we have very few Indians who have been trained as pilots so far. There is practically no activity going on to bring up the air force to an adequate number which may be considered safe for India's future. I remember having once put a question, seeking information from the Defence Department, whether it was a fact that some foreigners, Afghans were being trained as pilots in India at the cost of the Indian exchequer. Though full information was not given to the House, yet it was admitted that there were some such people. May I ask the Honourable the Defence Secretary whether it is not possible now to open centres for the training of pilots and for the necessary personnel for the air force in India? If it is, then why such steps are not being taken in hand immediately. It may be said that the Honourable the Defence Secretary may come forward with the reply that the money at the disposal of the Defence Department is not adequate to undertake this. May I ask the Honourable the Defence Secretary to state what steps they propose to take to adequately furnish the defence of India and in what way they propose to do. Can't they retrench expenditure from other sides and appropriate that money for the purpose of air force because, after all, as the modern warfare has shown, the air force is the most important arm of defence, more important than even the army and the navy.

**Pandit Krishna Kant Malaviya:** The Delhi training centre has been allowed to go into liquidation by the Government of India.

**Sardar Sant Singh:** It is the most surprising thing. However what I mean to say is that the urgency of the problem calls for immediate action. The difficulty which the Government of India naturally feel is that as they purchase their equipment from outside and thus drain the money from this country and send it abroad, they cannot get adequate return in the form of taxation and they cannot provide for the defence of India. Whatever may be the reason the new taxation that is proposed to be levied in the form of excess profits cannot be justified on any ground unless the money is utilised for opening training centres for air pilots and for mechanising the equipment of the army in India. There is a relation between spending the money in India and getting it back in the form of taxes. But if the Government of India continue in their policy of sending Indian money outside and then demanding more money in the form of taxes from India, they are following a most unsound financial policy so far as India is concerned. I will ask a plain question from the Defence Secretary. Is there any political ground for not equipping India with adequate air force? I am putting this question very bluntly, because some of us feel that the air force is not being developed not because fit persons are not to be found in India to act as pilots but because of certain political considerations. I wish the Honourable the Defence Secretary clears this point in his reply.

**Mr. M. S. Aney:** He will give a political reply.



**Sardar Sant Singh:** His 'sincerity' I cannot doubt. It depends upon the nature of the reply which he gives. You cannot ask me beforehand what opinion I will hold after hearing his reply. I must wait and see.

The second point which I want to emphasise is this. I refuse to believe that in a country like India inhabited by 35 crores of people, there cannot be found physically fit men living who can act as pilots. I have not been able to understand and fully appreciate the point of view of those who laid down the qualifications for being trained as air pilots and those qualifications include a knowledge of English language as well. Why should it be so? The pilots trained in other countries may be literate, but why in India should you have this qualification as a condition precedent for training up pilots. From my experience of expert mechanics, expert motor drivers I can say that literacy qualification is not indispensable. They are illiterate and yet they are experts in the mechanical field. Why should you not open centres where physically fit, though illiterate, men are afforded opportunity for being trained as pilots of the Royal Air Force. The difficulty comes in when education is made a condition precedent for such training.

One more remark and I have finished. I understand there are very good pilots who have been trained from the civil aerodromes and yet they have not yet been absorbed in the air force in India. I will certainly suggest to the Defence Department to immediately employ all those who are fully qualified as air pilots from these civil aerodromes. With these words, I commend this Resolution for the acceptance of the House.

**Maulana Zafar Ali Khan** (East Central Punjab Muhammadan) Sir,  
 4 P. M. there is no patriotic Indian who would not shed the last drop of his blood if it came to the defence of his motherland. There is no patriotic Indian who would not like to have a very strong army—say 50 lakhs in number, a very strong navy with hundreds of battleships, a still stronger air force with tens of thousands of aeroplanes—so that if the time came when we have to fight with Russia, we could meet her at her own game on our borders. There was a time when the war broke out that I thought that Russia would move forward her steam roller to the borders of India. But now circumstances have changed and the participation of Turkey on the side of the Allies—Britain and France—has changed the mid-eastern situation. So there is no danger of our having to grapple with Russia in defending India. But there are other potential enemies and we have to keep in mind that contingency. The demand therefore of my Honourable friend, Sir Raza Ali, with regard to this air-craft and aviation question is a very modest one and I am sure the Defence Secretary will look upon it sympathetically. There is very little harm to Imperial interests in establishing a training school for Indian pilots in India which will give us six or seven or ten squadrons for defending India. Some of our friends say that the Britishers do not trust us and they will not have Indian pilots. I will not dwell upon that. But I should like to point out one thing. The Honourable the Mover opened his speech by saying that times have changed and the British Government have in so many words promised us Dominion Status, and so we must defend our country if we appreciate the responsibilities of Dominion Status. He seems to think that Dominion Status like a ripe apple has already fallen into his basket and, therefore, we, as members

[Maulana Zafar Ali Khan]

of the British Commonwealth, must come forward with our army, navy and air force. I think that time has not yet come. Only the other day Gandhiji saw the Viceroy who assured him that the British Government had made up their mind to grant Dominion Status to India of the Statute of Westminster variety, after the war was over. But there were certain vital differences, not communal differences between Muslims and Hindus, but difference with regard to defences. Defence as a reserved subject is with the Government and as India is looked upon as the brightest jewel in the British Crown, in order to protect this bright jewel England would go to any lengths. She is more interested in defending India than either Sir Raza Ali or Sardar Sant Singh. Britishers will take very great care and shed the last drop of their blood to protect this jewel from Russia or Japan. So if you have Dominion Status, as the Viceroy has promised, in five minutes you can have ten thousand squadrons. But you have got nothing of the sort and now you pray and cringe and flatter. Our friends of the Congress Party are not here to take part in this debate, and I feel that their absence has made the proceedings of the House quite dull. However I as a Muslim am greatly interested in the result of the war. Turkey which is the leader of the Muslim nation throughout the world has with her allies Persia, Afghanistan, Iraq, Egypt and Arabia joined England and France. Turkey is in the same boat as England and the downfall of England means the downfall of Turkey which the Muslim world will prevent at any cost. So it is my duty to help Britain and France. But I should like to help them as a free Indian and with the conviction that I have an army and navy of my own, that my industries and my social, political and cultural life and my material resources are at my command. With these brief remarks I commend this Resolution to the notice of the Defence Secretary in the earnest hope that he will treat it sympathetically and do something to start an institution in which Indians will be trained as airmen and pilots.

**Mr. C. M. G. Ogilvie:** Sir, the lot of him who has to answer a Resolution in this House is, I feel, often a hard one in that he has very little idea of what the speakers or even what the Mover is going to say. And in this case I must say I was taken rather by surprise. I understood Sir Raza Ali's motion to mean, when I read it, that what he wanted was a large, presumably a very large, expansion of the Indian Auxiliary Air Force. But I find now that what he is asking for is the substitution of the Royal Air Force by regular Indian squadrons and the establishment of a flying training school in India with a view to strengthening that force to meet whatever demands may be made upon it. In the first place I must say that I view, and Government also view, the desire expressed by Sir Raza Ali and those who have supported this motion with the greatest possible sympathy; and if as I propose to do, I point out certain difficulties in the path that must not be taken to show that I do not, and that Government do not, sympathise with it.

The House is probably bored by the constant repetition of the financial problem which at every step stares us in the face. But in this particular context it is of very great importance. A modern air force costs almost as much as a modern navy. The cost runs literally into hundreds of millions of pounds; and if you were to wish to equip India to face any

possible danger that might eventuate, then the task is frankly entirely beyond this country's powers. If, that is to say, India became the primary object of attack, the main object of attack of a first class power, she would, whatever her political position, have to rely upon imperial reinforcements and she would not rely in vain. As regards the position in which we find ourselves now, we can say that the preparations which we have made and the forces which we have at our disposal are sufficient, within the limitations allowed by the fortunate circumstances of India, to do all that we expect them and require them to do. Our defence forces have each their allotted task in accordance with the strategic requirements all that we can hope to do with our very modest resources is to meet those and perhaps to have a little up our sleeve. But anything in the way of a vast expansion, which would be entirely unnecessary to meet the requirements which we normally even now envisage, would be absolutely beyond our powers to attain.

I have given some figures before in the House of costs, but perhaps there is no harm if I do so again. A modern bombing aeroplane costs Rs 2½ lakhs, a fighter 1½ lakhs, and an army co-operation plane one lakh. A squadron consists of 12 aeroplanes, but in order to maintain four squadrons in war time you must have at least 100 and preferably at least 200 per cent reserves, as aeroplanes are extremely expensable articles. During the war of 1914-18, one very famous squadron had as much as 80 per cent casualties. I am merely pointing out to the House the figures involved. The equipment of a single squadron costs 80 lakhs, and its recurring expenditure from 20 to 25 lakhs. These are big sums.

One of the main points made by Sir Syed Raza Ali was that of the air forces in India,—the Royal Air Force was disproportionately strong as compared with the Indian Air Force. Here, I must join issue with him when he says that the Indian Air Force is an auxiliary air force. It is not an auxiliary air force, it is a regular air force and is fit and capable of taking its part side by side with the Royal Air Force anywhere at any time. The Indian Air Force Squadron, as the House knows, is comparatively new. The first Indian officers emerged from Cranwell in late 1932, that is only seven and a half years ago. The Indian Air Force Squadron was definitely at the time in the nature of an experiment. The experiment has been pressed on as fast as our means and opportunities allowed us. It has been very considerably accelerated during the last year or so. The result has been extremely successful. The Indian Air Force Squadron is a squadron of which India may be proud. It is an admirable squadron. An enormous amount of time and trouble has been taken in preparing this beginning of the Indian national air force and it has been well worth the time and trouble taken. I think Members must, therefore, at least concede to the Royal Air Force that they have done their part well in starting the Indian Air Force on its way in the way in which they have done it.

Sir Syed Raza Ali's figures were rather old; and the position as regards the Indian Air Force Squadron is now very different. There are no British officers now in the squadron; it is entirely officered by Indians and is at present, and has been for the last eight or nine months, commanded by an Indian officer . . .

**Sir Syed Raza Ali:** I do not want to interrupt my Honourable friend, but in order to give him an opportunity to explain, may I ask whether the

[Sir Syed Raza Ali.]

information given in this yellow paper which bears the date, 1st January, 1939, is so hopelessly inaccurate or have radical changes been since introduced in the English and Indian personnel of the Indian Air Force? The numbers given are that out of a total of 38 officers, 26 are British and 12 Indian.

**Mr. O. M. G. Ogilvie:** I beg the Honourable Member's pardon. I think he must be looking at the wrong column. I think he will find in the apposite column of that book that there was only one British officer at that time in the Indian Air Force. He no longer exists in it now. There were a considerable number of British non-commissioned officers employed as high-grade mechanics to teach their Indian comrades the finer points of an air-craft mechanic's duties and there are still a few. But those are the only British personnel left in the squadron. I am able to say that it has been decided to form a second Indian Air Force Squadron as soon as it possibly can be done. On the question of mechanics, another of the reasons for the necessarily slow growth of an Indian Air Force is the fact (a) that it takes some four years to train an air force mechanic in his highly specialised duties which entail working to a high degree of precision, and (b) that this country does not provide a large number of skilled workmen who can readily be drawn upon. It provides some but not a very great number. Highly industrialised countries can draw upon a large pool of skilled labour who, in a comparatively short time, can learn specialised tasks of an air force mechanic. India is not in that position. It takes, without exaggeration, 12 ground personnel to keep one fighting machine in the air, and the problem of finding and training sufficient mechanics is, therefore, a very real one. Though India does produce very good mechanics when given the proper degree of training, there are not in existence in the country facilities for training large numbers of them.

**Pandit Krishna Kant Malaviya:** The Government has been discouraging the training of ground engineers and mechanics of this type.

**Mr. O. M. G. Ogilvie:** Then Sir Syed Raza Ali was inclined to say that it was a pity that the Royal Air Force was posted here only for a short time, and when they went away they took away their valuable experience with them, and the position, therefore, was in his opinion, worse than in the case of Civil Servants and others who spent their 20 or 30 years in this country. There again I must join issue with him. Flying conditions in India are very different from flying conditions in practically any part of Europe. It is, and, in case of need, it would be, an immense advantage to India to receive as Imperial reinforcements, not airmen and pilots who knew nothing of these peculiar conditions, but those who do, and owing to the short period which they spend here, the turn over is rapid, and there is a substantial part of the Royal Air Force who have had this invaluable experience. However, as I have said, we agree entirely with Sir Raza Ali when he says that the object should be to raise the strength of our Indian Air Forces first to two and then to three or four squadrons as it becomes possible to do so. As I said just now, we hope to start the second with the minimum of delay.

As regards the Auxiliary Air Force, a very great deal has been said. The various authorities and bodies connected with flying have co-operated in

the most admirable manner. The Air Force, Communications Department, Civil Aviation and the Flying Clubs have all collaborated in the most excellent manner, and we have been able to use all the resources we have in this country in the most efficient and economical way. The result has been that we have been able, not only to form an Indian Air Force Volunteer Reserve but it has become ready for actual duty. For some years before the war, the formation of an Indian Air Force Volunteer Reserve was being actively examined. We were held up by financial difficulties, and more particularly by the fact that we had no machines for it and no money to buy them with, and though there is no doubt that India can produce a large number of good and gallant pilots and observers, they are no use whatever without aeroplanes to put them in. We must have the aeroplanes. Then we had a windfall. His Majesty's Government agreed to rearm a portion of the Air Forces in India, and the aeroplanes in use become available for our volunteer reserve. In addition, His Majesty's Government have found a part of the other expenditure entailed by the formation of that force. Now these pilots and mechanics were to have been trained in the volunteer units, but owing to the necessity for auxiliary training as rapidly as possible, one of our regular Air Force Squadron was converted into a training squadron, and the pilots and observers are receiving their training there. At the same time a technical training school for mechanics was established at Ambala, and both are working to capacity, and from time to time there are fresh admissions. In addition, some Indian pilots have been sent to be trained at the nearest large Flying Training School. We have, therefore, done, I think, as well as we possibly could do with the means available to us. The Flying Clubs meanwhile are training both beginners and members who have had flying experience. Owing to a subsidy from Government this flying training is carried out at an immensely lower cost to the trainee than would otherwise have been the case. Those who have had no flying experience at all are being taught flying very cheaply (for them). Those who have had some experience are being given a specialised course of instruction to bridge part at least of the gap between civil and military aviation and are being taught aerobatics and night flying. This course of training is given on condition that the persons undertaking it are eligible to enter the Air Force Reserve or the Royal Air Force or the Indian Air Force, that they are medically fit, and that they guarantee that they will enter the force if required to do so. We hope, therefore, to have, as these pilots are absorbed in the forces, a succession of batches undergoing this training who will be ready to take their places with the least possible delay.

**Mr. M. S. Aney:** What is the number undergoing that training?

**Mr. C. M. G. Ogilvie:** The exact number I cannot give in public. I am quite prepared to inform the Honourable Member in private. The result is, in brief, that within the limitations due to our limited resources, we have done and are doing a great deal, in fact I think we can say we are doing everything, to ensure, as far as in us lies, the air defence of India, and if need be, we can produce a reserve of well trained pilots and mechanics who would be able to man and maintain the service air craft in time of war. That, I think is no small achievement, all things considered.

[Mr. C. M. G. Ogilvie]

As regards the formation of a flying training school of large size in India, as Sir Raza Ali has said, that would be a very expensive proposition, and I think I have said enough to show what we have done to avoid having to spend the money on that. We have used the resources which we had already in hand. Whether it will become necessary to establish such a flying training school in India or not, I cannot at the moment say. It may well be necessary. For the present, we are getting on with what we have.

As regards joining the Empire training scheme of Canada, it must be realised that that is meant for trained pilots for service, mainly at least, in the war in Europe. And to send our young men over there and bring them back here would be, in the circumstances, extremely uneconomical, even though there were places for them. If, on the other hand, the Empire requires young men from India to go and join in the warfare which is now going on there—and which, I think I must contradict my Honourable friend, Mr. Krishna Kant Malaviya, is a war that is not merely economic—I have no doubt that they would be welcomed. It is true that Indians and Anglo-Indians in England are eligible for admission to the Royal Air Force but there is no Indian Air Force in England, and as far as I can see at present we want all that we are getting to meet the possible requirements of Indian defence. At present there does not seem to be a very large surplus. My Honourable friend, Sir Raza Ali, said that in the Dominion Air Force an Englishman would not be admitted, he would have to be a subject of that Dominion. That I may say is also the case in India. No Englishman would be admitted to the Indian Air Force, he may be attached to it as an instructor but he will not be admitted as a member.

**Mr. F. E. James** (Madras European) Not even the Scotchman?

**Mr. C. M. G. Ogilvie:** Not even in the case of Scotchmen will an exception be made. I hope what I have been able to say in the way of explanation of what we are doing, can do and propose to do, will be satisfactory to the House. I should be glad if Sir Raza Ali could, in view of what I have been able to say, see his way to withdraw his Resolution, as, though I sympathise with him, there are practical difficulties for the moment in the way of its definite acceptance.

**Sir Cowasji Jehangir:** May I know what the Honourable Member is doing with the assets of the A T C which he has bought up?

**Mr. C. M. G. Ogilvie:** That is a big question. I think I can give you information about it, but not at the moment.

**Mr. M. S. Aney:** I had thought that the Resolution moved by my Honourable friend, Sir Syed Raza Ali, was one with which the Government would not simply show its sympathy, but would readily accept it or do something like that, considering the circumstances in which it was moved by my Honourable friend. As I had hoped like that, I must confess that the reply given by the Defence Secretary in sympathetic tones had ultimately left on my mind nothing but the impression of complete disappointment. What the Mover demanded in the Resolution

has been practically ruled by the Defence Secretary as something impossible for the Government to do for the time being; that is what his reply exactly comes to. The Defence Secretary has told us what the Government have done, and what they propose to do, but the very thing which the Resolution demanded, namely, to do something "to strengthen the air defence of India by providing suitable air training for Indian youths and establishing an auxiliary air force, commensurate with the size, population and requirements of the country, to be manned by Indians"—this, he thinks, is an achievement not possible for the Government to make at the time considering the resources at their disposal. Not only that, but he has further told us that so far as India's air defence is concerned, it will have to depend mainly, if not exclusively, upon the Royal Air Force.

**Mr. C. M. G. Ogilvie:** On a point of personal explanation. Might I point out that the Resolution moved by Sir Syed Raza Ali was very different from that set down, the question of auxiliary air force was given a different meaning by him. The Auxiliary Air Force has been started and is running and is adequate for its purposes.

**Mr. M. S. Aney:** I know that the Honourable Member has given us in his statement some idea of what is being done for the expansion of the Auxiliary Air Force, but the picture that he has left on my mind is not exactly the same which the Honourable the Mover has got in his mind, namely, that it should be commensurate with the size, population and requirements of the country. That is something different from the scale at which the admission is being made by the Government of India today even in the matter of the Auxiliary Force. The most disappointing part of the Defence Secretary's statement was when he said that, so far as India was concerned, she would have to rely mainly on the Imperial air force for her defence, and, of course, there was that further statement to soothe us that she would not rely in vain. It may be so, I hope it is so, but is it creditable for my country that it shall have to rely for its defence upon an alien force like that,—I use the word "alien" not in a bad sense, but in the sense that it is a non-national air force. But when that time comes, what is the guarantee that the Imperial Air Force will not be sufficiently engaged in defending the centre of the Empire itself? The need for India's air defence would arise at the time when the Imperial Air Force will find itself completely engaged and the whole country will be practically left without defence. That is a situation which my Honourable friend does not visualise. If a situation like that is not to arise at all, the question of India's defence will never arise also in my opinion. The question of India's defence will arise only when this country is invaded by some foreign power and we have to defend ourselves. That invasion during the course of the present war will be possible when the British Air Force and other forces which are in Europe will be so engaged that the British Government will not be able to divert any section of them for the defence of this country. Now, in a situation like that, what is the arrangement that the Government are making to help the Indian people? The question is being seriously put to the Government of India by responsible members of this House. We say that there is a danger like that and the country is wholly unprepared to meet a danger of that kind. The main difficulty which the Honourable Member has pointed out now, and it has been pointed out before also is the question of finance. In the debate on the adjournment motion moved by my friend, Sir Raza Ali, it was pointed out that the

[Mr. M. S. Aney.]

cost involved in providing an adequate air force was beyond the resources and capacity of this country to incur. Now, Sir, it means that it is never possible for India to be self-sufficient in the matter of defence at all and therefore India must for all time to come rely upon Great Britain for its defence and that it shall depend only on such financial support as Great Britain may be able to give to India. I am afraid this is not the way to prepare the country even for dominion status. If the Government of India is not in a position to husband its resources in such a way as to make it possible for this country to gradually build up its navy and air force, then it is certainly not preparing the country for dominion status or any kind of autonomous condition at all. Countries smaller than India have been able to build up their own air force. Countries with very much more limited resources have been able to make greater progress than we have been able to make. The real point is that the Government of India have not made any serious effort to tackle this problem and is at present at least not inclined to tackle this problem seriously at all. The other difficulty that has been pointed out is that this is not the proper time to take up this question. If this is not the proper time, then I ask when is the proper time to take it up. The present war as we see it is being fought mainly by aeroplanes, bombers and fighters and so on, as well as by the navy to some extent. The army, at least up to this time, does not seem to be active at all. What will be the case in any war if India might find herself actively engaged by the enemies' air force? The statement made by the Honourable the Defence Secretary has left only one impression on Members of this House, namely, that India is in that case entirely helpless and the Government of India is not in a position to render any help. They plead inadequate resources of this country as well as want of proper material, want of a state of industrialisation in which alone efficient and skilled workers are available. All these difficulties are pleaded by them. I ask—is Government prepared to make an earnest beginning at all in this direction. Do they think that with the slow progress they are making now it will be ever possible for India to play its proper part in any war in which she might find herself actively engaged? Suppose war is actively carried on both in India and in Europe simultaneously, does the Defence Secretary think that India will be able to take up her defence adequately and successfully without a proper development of the Indian Air Force? That is my question to him.

**Mr. C. M. G. Ogilvie:** Yes.

**Mr. M. S. Aney:** I only wish that his "Yes" may come out to be true. The position, however, seems to be very difficult and dismal. You must try to use your ingenuity in such a way as to make the most of the resources available in this country. You have all the requisites for the building of aeroplanes in this country. You have got all the materials required for ship-building. You plead the cost of foreign factory owners. If you do all these things in India, you can do them much more cheaply. You have got cheap labour and all the raw materials required and if you get the proper mechanics and if you make these machines on a large scale, I am sure the thing will be done much more cheaply and the cost which frightens you now is not a serious factor at all. It is only a question of



the necessary will to do it. Nations are not built by being afraid of difficulties but by making a serious effort to overcome them. I thought that the British Government and the Government of India particularly will see the need for making a supreme effort to overcome these difficulties and equip this country with a strong navy and a strong air force. In fact, that was the object with which the Resolution was moved by my Honourable friend, Sir Raza Ali. I am afraid the reply of the Government of India is not re-assuring. I support the Resolution and I hope that my friend will press it to a division if the Government oppose it.

**Sir Syed Raza Ali:** My position is an extremely difficult one. I find, myself, to use a colloquial expression, between the devil and the deep sea. My friends on this side tell me that I am hopelessly optimistic in believing that I can persuade the Government to do anything reasonable. If this motion is opposed by the Government Benches, my friends will say and very rightly "didn't we tell you so before?" That is the position so far as my own friends are concerned.

**Mr. M. S. Aney:** Who is the devil and which is the deep sea?

**Sir Syed Raza Ali:** I leave it to Mr. Aney to decide which is the devil and which is the deep sea. Coming to the Government Benches, I must say that the speech of my Honourable friend, Mr. Ogilvie, has been conciliatory. That is the sort of speech that I used to listen to about the year 1913-14 when we, the elected Members of Legislatures, used to be helpless on-lookers of the activities of the Government Benches. We ourselves had no power, at that time.

**An Honourable Member:** Have we got any power?

**Sir Syed Raza Ali:** Not much in this House. it is true. In those days, if a word of sympathy fell from the lips of any official Member, we prized it as something which should be treasured up for years to come. Sir, things have changed entirely now. Sympathy does not now count. I do not mean to examine a gift horse too closely in the mouth, but let me tell my Honourable friend, Mr. Ogilvie, that the sympathy from the Official Benches has ceased to have any fascination now. What people want now is action, deeds, results and achievement—these are the things that count now. I am sure Mr. Ogilvie means what he says, *viz.*, he has, while speaking on behalf of Government, offered to me his greatest possible sympathy in the effort that I am making through this Resolution to transfer the air control to Indians. But that sympathy, as I pointed out, does not come to much.

And now before I deal with my Honourable friend, Mr. Ogilvie, once more, let me say a few words in passing about the various remarks that were made by Honourable Members more or less on this side of the House in the course of the debate. My Honourable friend, Mr. Ramsay Scott, had a fling at me when he said, "well, so far as India is concerned"—these are not his words, but what he said comes to this, "India is a huge country, a big country; your numbers are overwhelming, but what about your quality? Twelve hundred young men were interviewed by a certain selection committee and not more than one hundred of them were found fit to take air training". Indeed, my Honourable friend says—"I do not

[Sir Syed Raza Ali] attach"—practically this is what he says—"I do not attach importance to quantity, what I want is quality." Well, all I can say is that if Mr. Ramsay Scott will persuade the Government Benches to accept the spirit of my Resolution, not the very letter, I can undertake to give him any amount of suitable young Indians who will be found very fit to take air training. I told him this before and I repeat the offer now. Now, my friend, Pandit Krishna Kant Malaviya, gave a harrowing account of his sad experience with the powers that be. He thinks that it is hoping beyond hope to expect this Government to do anything definite and tangible in the interests of the country. Now, Sir, I am an optimist.

**An Honourable Member:** What about voting?

**Sir Syed Raza Ali:** Yes, I am an optimist, and not only do I want my Resolution to be voted upon, but I want the Government Benches to accept my Resolution. No doubt I would like this Resolution to be voted upon today. I do not know whether I am required to finish my speech before 5 o'clock . . .

**Mr. President** (The Honourable Sir Abdur Rahim) The Honourable Member has five minutes more to go on

**Sir Syed Raza Ali:** I will finish within five minutes, Sir. I am afraid I ought to have taken up the speech of my Honourable friend, Mr. Ogilvie, earlier. All I want to say is this that, so far as the suggestion for the withdrawal of my Resolution is concerned, I cannot accept that. May I make a sporting suggestion to the Government Benches? If they are in real sympathy with my Resolution but see a number of difficulties that cannot be overcome at present, let them abstain from voting and let the rest of the House divide on it.

**Mr. C. M. G. Ogilvie:** I quite agree

**Sir Syed Raza Ali:** Sir, my Honourable friend is willing, I thank him for that, and I resume my seat

**Mr. President** (The Honourable Sir Abdur Rahim) The question is—

"That this Assembly recommends to the Governor General in Council to take early steps to strengthen the air defence of India by providing suitable air training for the Indian youth and establishing an auxiliary air force, commensurate with the size, population and requirements of the country, to be manned by Indians."

The motion was adopted

The Assembly then adjourned till Eleven of the Clock on Friday, the 9th February, 1940.

# LEGISLATIVE ASSEMBLY.

*Friday, 9th February, 1940.*

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. President (The Honourable Sir Abdur Rahim) in the Chair.

## MEMBER SWORN.

Mr Samuel Harrison Yardley Oulsnam, C.I.E. M.L.A. (Government of India. Nominated Official).

## STARRED QUESTIONS AND ANSWERS.

### (a) ORAL ANSWERS.

#### POSTING OF MUSLIM OFFICERS TO THE DELHI DIVISION OF THE NORTH WESTERN RAILWAY.

**43. \*Mr. H. M. Abdullah:** (a) Will the Honourable Member for Railways please state whether his attention has been drawn to Bulletin No. 9 issued by the General Secretary, North Western Railway Muslim Employees Association, Delhi?

(b) Is it a fact that the Divisional Transportation Officer, the Divisional Accounts Officer and the Assistant Transportation Officer No. 2, at present working on Delhi Division, are related to each other?

(c) Is it a fact that orders have been issued for another relative of these gentlemen to be posted to Delhi Division as Divisional Commercial Officer?

(d) Is it a fact that allegations have been made from time to time against the anti-Muslim proclivities of these officers?

(e) Are Government satisfied that from the administrative point of view, it is desirable that the Divisional Accounts Officer and the other Divisional Executive Officers should be related to each other?

(f) Is it a fact that the contemplated posting of the Sikh officer as Divisional Commercial Officer will mean the total extinction of Muslim Officers from the Personnel, Transportation, Commercial, Engineering and Accounts cadres?

(g) Do Government propose to consider the desirability of posting an adequate number of Muslim officers on this division?

**The Honourable Sir Andrew GLOW:** (a) I have seen a copy of the Bulletin referred to.

(b), (c) and (f). Government have no information, but I would point out that a Muslim Divisional Commercial Officer was posted to the Delhi Division in November; he has at present been deputed for special duty to the Railway Board, and I understand that it is the intention of the General Manager, to repost him to this Division on the completion of his special duty.

(d) An allegation of this character is made against one officer in the bulletin to which the Honourable Member has referred but I am not aware that it has any foundation in fact.

(e) It is not necessarily undesirable.

(g) The posting of officers to Districts or Divisions on any Railway is a matter for the General Manager, and Government cannot agree that such posting should be governed by communal considerations.

**Mr. Lalchand Navalrai:** May I ask if it is a crime or if there is any harm in keeping two relatives in the same Division?

**The Honourable Sir Andrew Clow:** What I said was that it is not necessarily undesirable.

**Dr. Sir Ziauddin Ahmad:** Is it the policy of the Government to make the Divisional Superintendent a family affair?

**The Honourable Sir Andrew Clow:** There is no such policy.

**Dr. Sir Ziauddin Ahmad:** The question implies that there are several relations, not only in the office, but in the officers' grades. Out of five officers, four belong to one family. Is it not a family affair?

**The Honourable Sir Andrew Clow:** I think there are three, but this is not out of five. I do not know the exact number of officers, but the number is probably over 20.

#### DIFFERENTIAL TREATMENT METED OUT TO MUSLIMS AND HINDUS BY THE DIVISIONAL SUPERINTENDENT, DELHI.

44. **\*Mr. H. M. Abdullah:** Will the Honourable Member for Railways please refer to Bulletin No. 9 and state:

- (a) if it is a fact that a Muslim guard of Jind was reported by a senior subordinate as sleeping on duty and that he was awarded a punishment of reduction for six months for this offence;
- (b) if it is a fact that the Divisional Superintendent, Delhi, enhanced this punishment on appeal;
- (c) if it is a fact that in a similar case a Hindu guard of Ghaziabad who was reported as sleeping on duty by the same senior subordinate was let off scot-free? What are the reasons for this obviously differential treatment meted out to a Muslim and non-Muslim in the award of punishment;
- (d) if it is a fact that a Muslim Interlocking Fitter of Saharanpur who appealed to the Divisional Superintendent, Delhi, against the orders of his reduction was told in reply that his punishment had been enhanced;
- (e) if it is a fact that, on the contrary, a Hindu, at present Electrical in-charge at Simla was arrested and challaned by the Government Railway Police for theft from a railway wagon;

- (f) if it is a fact that this clerk was also found guilty of tampering with railway records with a view to destroy the proof of misappropriation of railway materials while working at Rohtak and that the only punishment awarded to him for this offence was his transfer to the relief list as wireman? Is it also a fact that the same clerk was found travelling in a second class ladies compartment with a Hindu lady special ticket examiner and was discharged in consequence but has since been re-instated; and
- (g) if Government are satisfied that the punishment meted out to this clerk is adequate and that there has been no differential treatment in dealing with the case of the Muslim Interlocking Fitter of Saharanpur and this man?

**The Honourable Sir Andrew Olow:** (a) to (g). The matters to which the allegations relate are not matters which are reported to Government or which come under their review. I have, however, received informally certain information relating to parts (a), (b) and (c) which gives some indication of the reliability of the allegations. The facts, I believe, are that the incident relating to the Muslim guard occurred not merely "some months back" as the bulletin alleged, but in 1937, that the punishment originally awarded was not six months, but three months, that the Divisional Superintendent did not enhance it to one year but to six months, and that the personal file of the other guard mentioned does not indicate that he was found guilty of any such offence. The General Manager has full powers of control over the non-gazetted staff for disciplinary purposes and Government have no reason for supposing that any communal discrimination is shown in the matter of punishments.

**Dr. Sir Ziauddin Ahmad:** May I draw the attention of the Honourable Member that this question implies that there is a preferential treatment in the case of punishments in favour of the Mussalmans and against the Mussalmans in the case of promotion? Is it not a fact?

**The Honourable Sir Andrew Olow:** I have said that I have no reason for supposing that at all. The attempt is made, for example, in the first part of the question, to draw a comparison between two guards. In both cases the alleged offences must have been committed some time back, because the records of the actual proceedings are not available. But there is no evidence to show that the second man was guilty of any offence. I have looked into this matter of communal punishment in connection with other allegations not brought to my notice by the Members of the Assembly, and I have almost invariably found that they involve an inaccurate account of events which are frequently in the distant past.

**Dr. Sir Ziauddin Ahmad:** May I know whether the allegations mentioned in this particular question are or are not correct?

**The Honourable Sir Andrew Olow:** I have given some indications of the only set of instances on which I have information. I have shown that they cannot be described as entirely accurate.

**Sardar Sant Singh:** Is it not a fact, you cannot adhere to the principles governing such cases, because the facts of each case differ and the discretion of the officer should not be interfered with?

**The Honourable Sir Andrew Clow:** Facts do differ from case to case.

**ALLEGED FAVOURITISM AND NEPOTISM IN THE OFFICE OF THE DIVISIONAL SUPERINTENDENT, RAWALPINDI.**

**45. \*Mr. H. M. Abdullah:** Will the Honourable Member for Railways please state—

- (a) whether his attention has been drawn to the article published in the *Daily Inqilab* of Lahore, dated 12th July, 1939, regarding the affairs in the office of the Divisional Superintendent, Rawalpindi; and
- (b) whether enquiries have been made into the allegations of definite instances of favouritism and nepotism mentioned in this communication, if so, with what result; if not, why not?

**The Honourable Sir Andrew Clow:** (a) Yes.

(b) No enquiries have been made. Government are not prepared to interfere with the discretion of the competent authorities in matters of this kind.

**MISUSE OF CARD PASSES BY CERTAIN PERSONS ON THE NORTH WESTERN RAILWAY**

**46. \*Mr. H. M. Abdullah:** (a) Will the Honourable Member for Railways please state whether his attention has been drawn to a communication appearing in the *Eastern Times*, dated the 5th May, 1939?

(b) Is it a fact that the rules of the North Western Railway provide for severe punishment for misuse of passes?

(c) Is it a fact that a Hindu Head Clerk of the Rate Branch was caught travelling on a duty card pass which was said to have been entrusted to him for safe custody?

(d) Is it a fact that one Mr Ashwood, Office Superintendent of the Delhi Division, who similarly misused a card pass which had been entrusted to him for safe custody, was discharged straightaway?

(e) Is it a fact that this Head Clerk of Rate Register Section whose offence has been clearly established has not been similarly dealt with?

(f) Do Government propose to consider the desirability of reviewing all cases of persons discharged for similar offences? If not, why not?

**The Honourable Sir Andrew Clow:** (a) and (b). Yes.

(c), (d) and (e). Government have no information regarding punishments awarded to non-gazetted staff, who are under the control of General Managers, except in cases where an appeal lies to the Railway Board.

(f) No. It would be impracticable for Government to examine all such cases.

**Dr. Sir Ziauddin Ahmad:** The Honourable Member said that he cannot answer a question in which the General Managers have got the final responsibility. Now, this thing is not correct. May I just point out which we have said repeatedly on the floor of the House that the analogy taken from the Provinces is not correct in the case of the Railways, because, in the case of the Provinces, there is another Council where questions can be asked, but here we are the only body who can ask questions about the administration of the General Managers and other subordinates. Therefore, the statement of the Honourable Member that because this case comes within the purview of the General Manager, he is unable to answer the question is not correct.

**The Honourable Sir Andrew Clow:** I did not make any such statement.

#### ALLEGATIONS OF CORRUPTION AGAINST A CLERK IN THE DIVISIONAL OFFICE, RAWALPINDI.

**47. \*Mr. H. M. Abdullah:** (a) Will the Honourable Member for Railways please state whether his attention has been drawn to the news published in the *Daily Ihsan*, dated 8th August, 1939, and the *Daily Shahbaz*, dated 6th August, 1939?

(b) Is it a fact that several railway employees made allegations of corruption against a clerk in the Divisional Office of the Rawalpindi Division before the Retrenchment Enquiry Committee who decided that this clerk should not in future be given any responsible post?

(c) Is it a fact that Mr. Grindley, when Divisional Personnel Officer at Rawalpindi, ordered this clerk to be removed from the Establishment Branch to the Bill Section?

(d) Is it a fact that Mr. P. B. Chindwani, when Divisional Personnel Officer, Rawalpindi, reduced this very clerk for acceptance of a golden necklace as bribe while the person who gave the bribe was discharged?

(e) Is it a fact that this non-Muslim clerk is still working in the Establishment Section of the Divisional Superintendent's Office; if so, are Government prepared to consider his removal to some section where his corrupt practices may end?

**The Honourable Sir Andrew Clow:** (a) Yes.

(b) to (e) I am calling for information and will lay a reply on the table in due course.

#### INVOICE TYPISTS ON THE NORTH WESTERN RAILWAY

**48. \*Mr. Lalchand Navalrai:** (a) With reference to the answer to part (d) of my starred question No. 207, asked on the 19th September, 1939, will the Honourable Member for Railways be pleased to state what action the General Manager, North Western Railway, to whom a copy of the question was sent by the Honourable Member, has taken in the matter?

(b) Is it a fact that the Divisional Superintendent, North Western Railway, Karachi, in his letter, No. 522-E./20, dated the 20th September, 1939, had informed the Invoice Typists employed in his division that

their case for provision of some higher grade appointments will be reviewed in January, 1940? If so, what has been the result of that review?

(c) With reference to the Honourable Member's reply to part (c) of my starred question referred to above, is it a fact that more than one grade exists for the Invoice Typists in the Lahore Division? If so, why the typists in the Karachi Division are dealt with differently?

**The Honourable Sir Andrew Clow:** (a) to (c) I have called for information and will lay a reply on the table of the House in due course.

**Mr. Lalchand Navalrai:** Will the Honourable Member also kindly consider the information that was given which is contained in paragraph 2 with regard to the revision or rather giving some higher grades of appointments to these typists?

**The Honourable Sir Andrew Clow:** I have not been able to follow the Honourable Member's question. I said I have called for information and that related to all the parts of the Honourable Member's question.

#### TREATMENT GIVEN TO INDIANS RETURNED FROM GERMANY.

49. **\*Mr. Lalchand Navalrai:** Will the Foreign Secretary be pleased to state what treatment was given to the Indians who returned from Germany and were held back and prosecuted? Were they convicted or acquitted and was the property in their possession restored to them?

**Mr. O. K. Caroe:** The Government of India have no information as regards the prosecution, conviction or acquittal of any Indians in Germany, nor do they know whether the property in their possession was restored to them.

Representations were, however, received by the Government of India regarding certain Indian students, who left Germany for England before the outbreak of war and found themselves in straitened circumstances on arrival in England owing to confiscation of their funds by the German authorities. It appears that confiscation of currency from British Indian subjects leaving Germany had been made under German Exchange Regulations which prohibit the export of currency. It is not of course possible to make any suggestions regarding compensation in war time.

I lay on the table a copy of a Press note which shows what the High Commissioner for India is doing to assist Indians stranded in Germany

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#### PRESS NOTE.

*Dated the 16th January, 1940*

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#### INDIANS STRANDED IN GERMANY

##### HIGH COMMISSIONER TO ARRANGE RELIEF

The High Commissioner for India is in communication with the U. S. A. embassy in Berlin through the Foreign Office on the question of assisting all British Indians stranded in Germany. Arrangements have been made for the withdrawal of British subjects, wherever possible, from Germany through the good offices of the U. S. A. authorities, who have been requested to provide travelling expenses



where necessary and to give all proper and possible assistance. Measures are also being taken to provide funds for Indians who are still in Germany. In order to facilitate such assistance it is necessary that relatives in India who desire to remit money to an Indian in Germany should give some indication of the funds which would be placed at the disposal of the United States authorities through His Majesty's Government, to cover maintenance and travelling expenses in Germany, with a view to his eventual repatriation.

Before the war broke out there were in Germany 102 British civilians and 300 lascars. About seventeen of the civilians were students from India. Four of these managed to leave Germany before the war broke out but they were not permitted to take any currency out of the country. They are now in England and the High Commissioner for India is taking the necessary steps to assist them and to arrange passages for those desiring to return to India.

The U. S. A. Charge-de-Affairs has provided relief where necessary to the 300 lascars who have been removed from ships of German nationality. The British Government has arranged for the provision of funds to enable the U. S. A. Charge-de-Affairs to continue to relieve distress. Arrangements for sending supplies from Great Britain are at present under discussion.

**Mr. Lalchand Navalrai:** May I know from the Honourable Member what the High Commissioner did with respect to the students who returned from Germany in a very precarious condition having lost all their money? Did Government give them any help?

**Mr. O. K. Caroe:** I think if the Honourable Member will look at the Press Note, which I have laid on the table, he will obtain the information which he seeks.

**Dr. Sir Ziauddin Ahmad:** Are Government contemplating to take any action to recover the money which private individuals might have got in the Banks or business firms in Germany?

**Mr. O. K. Caroe:** I do not think it is possible to take any action of that kind in war time.

#### RAISING OF A NEW LOAN FOR RAILWAYS.

**50. \*Dr. Sir Ziauddin Ahmad:** (a) Will the Honourable the Railway Member be pleased to mention the amount they intend to borrow on behalf of the Railways during the years 1940-41?

(b) How the money borrowed on interest is proposed to be utilized?

(c) What is the amount of the loan which is proposed to be spent on remunerative work yielding income?

(d) Who is the authority which sanctions the raising of a new loan for Railways?

**The Honourable Sir Andrew Clow:** (a), (b), (c) and (d) In regard to railway capital expenditure next year, I would request the Honourable Member to await the presentation of the Railway Budget on the 16th of this month. The documents which will then be made available to the House will give full information regarding the works contemplated in 1940-41. Capital expenditure on railways is financed from funds provided by the Central Government, railway revenues paying interest thereon to central revenues. Should the provision of funds entail borrowing in the open market, the operation is arranged for by the Central Government in the Finance Department.

**BREAKING OF JOURNEY BY RAILWAY EMPLOYEES TRAVELLING ON DUTY.**

**51. \*Mian Ghulam Kadir Muhammad Shahban:** (a) Will the Honourable Member for Railways be pleased to state whether any rules or instructions exist permitting railway employees in India travelling on duty to break journey after a certain distance to take rest? If not, why not?

(b) Is it a fact that under the present practice if a railway employee has to travel on duty he must continue to travel hundreds of miles at a stretch? If so, is the practice in accordance with rules? If not, does the Honourable Member propose to issue instructions that rules in this case be observed?

(c) If the practice is in accordance with rules, does the Honourable Member propose to revise the rules permitting the breaking of journey after a certain distance? If not, why not?

**The Honourable Sir Andrew Olow:** (a) No. Distance travelled is not a criterion of work done

(b) and (c). I regret that I am not clear as to the meaning of these parts of the Honourable Member's question. If he has in mind officials such as drivers and guards concerned in the operation of trains, the distances for which they have to serve at a time are normally fixed and are not ordinarily exceeded. But there would be no point in restricting, for example, the distance officials might travel at a time when going to a place or places which they have to inspect, or on other occasions when there are duties which require their presence at a distance from the place where they happen to be

**TRANSFER OF ASSISTANT STATION MASTERS OR STATION MASTERS AS GUARDS ON THE NORTH WESTERN RAILWAY.**

**52. \*Mian Ghulam Kadir Muhammad Shahban:** (a) Will the Honourable Member for Railways be pleased to state whether rules exist on the North Western Railway for permitting transfer of Assistant Station Masters or Station Masters as Guards? If so, will the Honourable Member please refer to the specific rule or order?

(b) If the reply to first part of paragraph (a) above be in the negative, is it a fact that Guards can be transferred as Assistant Station Masters? If so, why there are different rules for the two classes of staff?

(c) Who has issued orders referred to in paragraph (b) above, whether the General Manager or the Railway Board?

(d) Does the Honourable Member propose to remove the discriminatory treatment accorded to Assistant Station Masters and Station Masters? If not, why not?

**The Honourable Sir Andrew Olow:** (a) Government have no information with regard to the Subsidiary Rules on the North Western Railway, but in the Rules issued by the Railway Board relating to normal channels of promotion, there is no restriction on employees in one group who may be in every way qualified for a post in another group being appointed thereto

(b) Does not arise.

(c) The Railway Board

(d) I am not aware of any differential treatment. The group of Assistant Station Masters and Station Masters (Lower Grades) and the group of Probationary Guards and Goods or Passenger Guards form separate normal channels of promotion to a common group which includes Assistant Station Masters and Station Masters (Higher Grades).

**PROVISION OF RENT-FREE QUARTERS TO INFERIOR SERVANTS ON THE NORTH WESTERN RAILWAY.**

**53. \*Mian Ghulam Kadir Muhammad Shahban:** (a) Will the Honourable Member for Railways be pleased to state whether under the present rules employees in the inferior service of the North Western Railway drawing less than Rs. 30 per mensem are entitled to rent-free quarters?

(b) If the reply to part (a) above be in the affirmative, are such employees who are not given railway quarters, entitled to house rent allowance in lieu thereof? If not, why not?

(c) Is it not a fact that some of them get free quarters, while others are given no quarters nor house allowance in lieu thereof? What steps does the Honourable Member propose to take to end this discrimination?

(d) Is it a fact that at certain stations the number of quarters is less than the persons employed in the inferior service? If so, what steps have been taken to remove hardship on the employees who go without railway quarters?

**The Honourable Sir Andrew Clow:** (a) All inferior servants who are given quarters get them rent-free, but they are not entitled to quarters.

(b) The answer is in the negative. As there is no right to quarters, there is no right to an allowance if quarters are not allotted.

(c) and (d). The answer to the first question in both parts is in the affirmative. Quarters are not available for all employees and the allotment is determined primarily by administrative requirements. When the necessity is established, additional quarters are provided from time to time as funds permit.

**EDUCATIONAL ASSISTANCE TO THE CHILDREN OF EMPLOYEES ON THE NORTH WESTERN RAILWAY.**

**54. \*Mian Ghulam Kadir Muhammad Shahban:** (a) With reference to paragraph 593 (i) of the State Railway Establishment Code, regarding educational assistance to railway employees' children, will the Honourable Member for Railways be pleased to state whether any instructions have been issued or rules framed by the Railway Board, to define the words "School or Schools of requisite standard at the station at which he is posted" occurring therein?

(b) Is it a fact that on the North Western Railway, a school within a radius of five miles from the station of employment of the railwayman, is considered to be a school at the station, within the meaning of the wording of rules referred to in paragraph (a) above?

(c) Are Government prepared to consider that if a school is situated at a distance of one mile each way, from the station of employment of the child's parent, he should be made eligible to educational assistance?

(d) Will the Honourable Member please refer to figures of educational assistance given to Indians and Anglo-Indians during 1937-38 as Rs. 8,679 and Rs. 1,50,731, respectively, *vide* replies to the starred question No. 1387 during the last budget session, and state whether Government are aware of the feeling that the assistance given to Indian children under the rules referred to in part (a) is considered inadequate?

(e) What steps does the Honourable Member propose to take to revise these rules so as to allow the admission of educational assistance if the school is beyond a distance of one mile each way?

**The Honourable Sir Andrew Clow:** (a) Yes.

(b) Yes. Instructions were issued to this effect to the Railways concerned as a tentative measure.

(c) and (e). Government have considered the question and the conclusion, which was approved by the Central Advisory Council for Railways, was that the question was not one of distance, but of convenience. The issue of rules to give effect to this decision is under consideration.

(d) No. I was not aware of this feeling but am prepared to believe that most parents would always welcome further concessions

**Mr. Lalchand Navalrai:** May I know, reading parts (b) and (c) of the question, whether "five miles" mean about "five miles", so that it may include "six miles" also? In the second part of the question, there is a question about "one mile"?

**The Honourable Sir Andrew Clow:** Six miles cannot be included in five miles.

**Mr. Lalchand Navalrai:** May I know whether the intention of the Railway is five miles exactly to an inch or a little more or a little less?

**The Honourable Sir Andrew Clow:** I explained in the answer to parts (d) and (e) that the issue of rules to give effect to the decision subsequently taken is under consideration. That will alter the position.

**Dr. Sir Ziauddin Ahmad:** May I ask whether the figures given in (d) are correct?

**The Honourable Sir Andrew Clow:** I do not think I have got the exact figures here, but I am not prepared to question their accuracy.

**Dr. Sir Ziauddin Ahmad:** May I also know at what meeting of the Central Advisory Committee the decision was arrived at which the Honourable Member has just referred to?

**The Honourable Sir Andrew Clow:** I do not recollect.

#### PROVISION OF RENT-FREE QUARTERS TO INFERIOR SERVANTS ON THE NORTH WESTERN RAILWAY.

55. **\*Mian Ghulam Kadir Muhammad Shahban:** (a) Will the Honourable Member for Railways be pleased to state whether it is a fact that employees in the inferior service on the North Western Railway are entitled to rent-free quarters if they draw Rs 30 or less per mensem?

(b) Is this concession of rent-free quarters allowed to them when they are promoted to subordinate service posts, which carried the concession of rent-free quarters before 1st August, 1928, like other staff? If not, why not?

(c) Is it a fact that under the revised rent rules of 1928, the privilege of rent-free quarters is a personal privilege carried by an employee when he happens to be posted to an appointment which carried the concession of rent-free quarters prior to the revision of rules in 1928? If so, why is this discrimination against members of inferior service? Does the Honourable Member propose to remove this? If not, why not?

**The Honourable Sir Andrew Olow:** (a) This appears to be the same question as that in part (a) of question No. 53 and I would refer the Honourable Member to the answer I have just given

(b) and (c). The concession of rent-free quarters, after the introduction of new rules, i.e., from the 1st August, 1928, has been extended only to those categories of staff who were entitled to rent-free quarters or house allowance in lieu of free quarters, under the old rules. As this condition is not fulfilled in the case of the inferior staff, they are not entitled to the concession on promotion to subordinate grades. I understand, however, that the question of extending the concession to certain categories of inferior servants promoted to subordinate grades is at present under the consideration of the General Manager, North Western Railway.

#### RE-WEIGHTMENT OF LOADED WAGONS AT DELHI KISHANGANJ.

†56. **\*Mr. Muhammad Azhar Ali:** Will the Honourable Member for Railways please refer to the Circular No. 4758-C. G. '39, dated the 3rd October, 1939 from the Divisional Commercial Officer, North Western Railway, Delhi, viz., "average difference of about three seers per *Kavara* booked from Quetta and about 1½ seers per *Kavara* booked from Chaman be taken as the basis for undercharges against re-weighments in reality"; and state:

- (a) the rule under which freight is charged as mentioned above;
- (b) the number of staff (supervisory, weighmen, paladars and labourers) employed on 29th September, 30th September and 1st October, 1939, at Delhi Kishanganj for surprise re-weighments;
- (c) the number of loaded wagons which arrived at that station on those dates;
- (d) the number of loaded wagons re-weighed by that surprise staff on those dates and the number of weighing machines provided during those dates;
- (e) the number of the staff, weighing machines, labourers, ordinarily provided for that work, during the preceding three years; and
- (f) whether the inspecting staff (General Manager, Chief Commercial Manager, Divisional Superintendent, Divisional Commercial Officer, Assistant Transportation Officers, Transportation Inspectors, Inspectors of Station Accounts) ever re-weighed such consignments during the preceding three years; if so, with what result?

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† Answer to this question laid on the table, the questioner being absent.

**The Honourable Sir Andrew Clow:** I understand that no such Circular was issued, so that part (a) does not arise. The answers to the remaining parts are:

(b) On the 29th September, 1939, the number of supervisory staff was seven, on the 30th, six and on the 1st October, five. On each of the three dates, the number of luggage porters employed for the purposes of re-weighment was nine.

(c) The number of loaded "goods" wagons received was:

September, 29th	...	...	...	...	23
September, 30th	...	...	...	...	10
October, 1st	...	...	...	...	10

In addition, the following numbers of loaded fruit vans were received:

September, 29th	...	...	...	...	10
September, 30th	...	...	...	...	11
October, 1st	...	...	...	...	10

(d) A proportion of the contents of each of the fruit vans was re-weighed on one weighing machine.

(e) No staff are employed ordinarily on surprise re-weighments.

(f) There is no record available of the weighments and checks by inspecting officials during the preceding three years.

#### PERSONS KIDNAPPED BY THE TRIBESMEN FROM THE SETTLED DISTRICTS.

**56A. \*Bhai Parma Nand:** (a) Will the Secretary for External Affairs be pleased to state the number of kidnapped persons men, women and children, from the settled districts by the tribesmen during the last year?

(b) What is the total amount of ransom that has been paid by the relations of these kidnapped persons in order to get their release?

(c) Is there any truth in the rumour that Government had to pay Rs 30,000 or so as ransom money for getting the release of Major Duggal?

(d) Do Government propose to introduce a system of compulsory permits for every person belonging to the tribes for entry into the settled area? If that is not possible, are Government prepared to impose on these people restrictions similar to those that are imposed on criminal tribes in India?

**Mr. O. K. Caroe:** (a) 121 men, 9 women and 24 children

(b) The total number of cases known to Government in which ransom was paid is 21, while the total sum involved which has come to the notice of Government is Rs. 2,225.

(c) No.

(d) Neither the introduction of a system of compulsory permits, nor the imposition on residents of the tribal areas of restrictions similar to those placed on criminal tribes is administratively feasible

**Mr. Lalchand Navalrai:** With regard to part (a), may I know how many of the kidnapped persons have been restored?

**Mr. O. K. Caroe:** Of the kidnapped persons—121 men, 9 women and 24 children, during 1939, 93 persons were released.

**Sardar Sant Singh:** With reference to part (b), was it declared by the Government that part of the ransom will be paid by the Government and will be recovered from the offending tribes?

**Mr. O. K. Caroe:** No, Sir. The position was that at one time it was considered desirable to recognise that ransom had to be paid in certain cases and also that Government would recover from the tribe the amount of ransom paid. But it has since proved that that policy sets up a vicious circle and encourages kidnapping. Government's policy now is that they do not acknowledge the policy of ransom, although in every case in which kidnapping takes place an endeavour is made to recover a fine from the section of the tribe concerned.

**Sardar Sant Singh:** What amounts have been recovered from the tribe in that effort to recover some portion of the ransom?

**Mr. O. K. Caroe:** I want notice.

**Sardar Sant Singh:** May I know if it is a fact that Major Duggal paid some money as ransom?

**Mr. O. K. Caroe:** That is not a fact.

#### SCHOOLS, HOSPITALS AND ADMINISTRATION IN THE TRIBAL AREAS.

**56B. \*Dr. Sir Ziauddin Ahmad:** (a) Will the Secretary for External Affairs be pleased to state (i) the number of schools and (ii) the number of hospitals which the Government of India have established in the tribal territories?

(b) What is the present policy of the Government of India about the administration in the tribal areas?

(c) Are they independent? If so, in what sense?

(d) Did they pay the custom duties for all the articles brought in tribal area from Afghanistan or Central Asia?

**Mr. O. K. Caroe:** (a) On the assumption that the Honourable Member requires information for the tribal areas on the border of the North-West Frontier Province only, the figures are as follows:

(i) Sixty-five schools *plus* one aided school in the Khyber.

(ii) Seventeen Civil Hospitals and twenty Hospitals for the Irregular Forces.

(b) The policy of the Government of India is to maintain the peace of the border and foster good relations with the tribes in the hope that in time civilisation will spread gradually through the tribal area.

(c) The tribal areas are part of India and at present are subject to the control of the Governor General in Council as prescribed in the Government of India Act, 1935. They cannot therefore be regarded as independent. The amount of control exercised over them varies according to circumstances such as agreements, geographical factors, etc.

(d) No. With the exception of a very limited schedule of articles, which are not imported into the tribal areas, there are no import duties over these land frontiers.

**Dr. Sir Ziauddin Ahmad:** With reference to part (d), customs duties are levied under the Tariff Act. Is customs duty paid on any article mentioned in the Tariff Act which is brought from outside India into the tribal areas?

**Mr. O. K. Caroe:** If the Honourable Member refers to articles brought over the land frontiers, I have already stated that there are no import duties over the land frontiers with the exception of a very limited schedule of articles, *e.g.*, sugar and saccharine, and the fact is that the tribes do not pay any import duties on articles brought into India or articles brought from Afghanistan.

**Dr. Sir Ziauddin Ahmad:** There is one Tariff Act in regard to articles brought by land or sea. So for articles brought from Central Asia into the tribal areas they have to pay customs duty.

**Mr. O. K. Caroe:** The Honourable Member is giving me information on a subject which is not really within the scope of my Department.

**Dr. Sir Ziauddin Ahmad:** I want to know whether they pay customs duty.

**Mr. O. K. Caroe:** I have endeavoured to answer the Honourable Member.

**Dr. Sir Ziauddin Ahmad:** If they do pay customs duty, the Government of India have got a responsibility to maintain schools and hospitals.

**Mr. O. K. Caroe:** I have not said that they do pay customs duty. I have endeavoured to explain what the position is.

**Sardar Sant Singh:** Who pays for the maintenance of these schools and hospitals?

**Mr. O. K. Caroe:** The Government of India pay.

**Sardar Sant Singh:** Are any taxes levied from these people?

**Mr. O. K. Caroe:** In certain areas land revenue is taken, but in most of the tribal areas, no.

**Mr. N. M. Joshi:** May I ask the Finance Member whether no customs duties are levied on articles imported into India from the tribal areas?

**Mr. President** (The Honourable Sir Abdur Rahim): Order, order. Next question.

#### CONDITION IN WAZIRISTAN AND THE TRIBAL AREAS.

**560. \*Mr. Lalchand Navalrai:** (a) Will the Foreign Secretary be pleased to state the present condition in Waziristan and the tribal areas? What have been the casualties there during the time between the last sitting of the Central Assembly at Simla and now?



(b) What measures did Government take to quell the disturbances and the abductions during the aforesaid time and what further precautions do Government propose to take?

**Mr. O. K. Caroe:** (a) Waziristan is still somewhat unsettled and offences continue, particularly raids into the settled districts. These offences are the work of individual hostiles whom the Malikhs find it difficult to control. Except the Shabikhel Mahsuds no tribal section as a whole is hostile to Government, and there is reason to hope that the Shabikhel will make their peace at an early date. Outside Waziristan complete peace reigns in the tribal areas on the North-West Frontier. The casualties sustained by all Forces and the public in and on the borders of Waziristan between the 1st of October and the 31st of December, 1939, were

Killed	...	...	...	...	43
Wounded	...	...	...	...	82

These figures include 14 civilians killed and two wounded.

(b) Government have been employing both regular troops and Civil Armed Forces in large numbers to maintain order in Waziristan and prevent raiding into the settled districts. Further special measures, including an increase in the strength of the Frontier Constabulary, are now being taken

**Mr. Lalchand Navalrai:** With the measures adopted by Government during last year, have these casualties decreased?

**Mr. O. K. Caroe:** I have not got the figures with me, but, to the best of my recollection, the figures of casualties in 1939 were almost exactly the same as those in the preceding year

**Mr. Lalchand Navalrai:** Are they increasing or decreasing? And are any further measures required?

**Mr. O. K. Caroe:** I have told the Honourable Member that the figures are the same as they were last year and, therefore, it may be taken that they are neither increasing nor decreasing.

**Mr. Lalchand Navalrai:** Will the Honourable Member take some stricter measures to stop them?

**Mr. President** (The Honourable Sir Abdur Rahim): Order, order.

#### UNSTARRED QUESTIONS AND ANSWERS.

##### ABOLITION OF POSTS IN GRADE V OF ASSISTANT STATION MASTERS IN THE DELHI DIVISION OF THE NORTH WESTERN RAILWAY.

**13. Mr. Muhammad Azhar Ali:** Will the Honourable Member for Railways please refer to the information given on the 30th August, 1939, in connection with the reply to unstarred question No 76 asked in this House on the 12th April, 1939, viz.:

"and involved the abolition of a grade of Assistant Station Masters,"; and to letter No. 200/33-R., dated the 2nd

January, 1940, from the National Federation of Railwaymen, Delhi, to him; and state

- (a) the total number of posts in grade V of Assistant Station Masters before abolition;
- (b) the total number of posts in that grade which were abolished;
- (c) the total number of posts in that grade after abolition; and
- (d) the number of persons affected by that abolition?

**The Honourable Sir Andrew Clow:** 57 posts of Assistant Station Masters were merged in grade IV, so that no posts of Assistant Station Masters remained in the grade I am unable to state the number of persons affected by the abolition as the abolition of these posts affects not only those holding them but others who might have held them in the future.

#### SCALES OF PAY OF STATION MASTERS ON THE EAST INDIAN RAILWAY.

**14. Mr. Muhammad Azhar Ali:** Will the Honourable Member for Railways please refer to the circular No 359-E of 1928, dated the 28th November, 1928, from the Divisional Superintendent, East Indian Railway, Moradabad, regarding revised scales of pay for subordinate staff and state

- (a) the number of posts of station masters in scale Rs. 425—25—475 or Rs 400—20—500,
- (b) the name of the stations of those posts; and
- (c) the reasons for posting (old) East Indian Railway employees on those posts with an increased expenditure of Rs. 30 per mensem?

**The Honourable Sir Andrew Clow:** I have called for information and will lay a reply on the table of the House in due course.

#### UNIFORMITY IN RESPECT OF SENIORITY, ETC., IN EACH DIVISION OF THE EAST INDIAN RAILWAY.

**15. Mr. Muhammad Azhar Ali:** Will the Honourable Member for Railways please state:

- (a) whether it is a fact that each branch or Department or Division on the East Indian Railway has its own policy laid down in respect of seniority, channel of advancement, confirmation, etc.; and
- (b) the reasons for not having a uniformity in policy?

**The Honourable Sir Andrew Clow:** (a) The answer is in the negative as regards staff controlled by the Government of India, the Railway Board or the Financial Commissioner of Railways. As regards other non-gazetted staff Government have laid down no rules regarding seniority or confirmation and General Managers have full powers. I have no reason for supposing that on the East Indian Railway the General Manager has laid down a different policy for each branch or Division. Government have issued general orders regarding normal channels of promotion of various categories of subordinate staff which are contained in the Rules for the recruitment

and training of non-gazetted staff (except apprentice mechanics, trade apprentices, labourers and inferior staff) on State-managed Railways, a copy of which is in the Library of the House, and have no information which would lead them to believe that these orders are not being carried out.

(b) Does not arise.

#### RELIEVING GUARDS IN CERTAIN DIVISIONS OF THE EAST INDIAN RAILWAY.

**16. Mr. Muhammad Azhar Ali:** Will the Honourable Member for Railways please lay on the table a comparative statement of the Relieving Guards on the Moradabad, Lucknow, Allahabad, Dinapore, Asansol and Howrah Divisions of the East Indian Railway, showing *inter alia*:—

- (a) sanctioned strength in 1937, 1938, 1939 and on 1st February, 1940;
- (b) actual strength in 1937, 1938, 1939 and on 1st February, 1940;
- (c) class, grade and cadre whom they relieved during those years and on 1st February, 1940;
- (d) nature of their duties; and
- (e) pay and allowances admissible and paid during those periods?

**The Honourable Sir Andrew Clow:** (a) to (e). Government have no information, and I regret that it is not practicable to undertake the research that would be necessary to procure the particulars specified.

#### MESSAGES FROM H. E. THE GOVERNOR GENERAL

**Mr. President** (The Honourable Sir Abdur Rahim). I have received two Messages from His Excellency the Governor General. The first Message runs thus.

*"In pursuance of the provisions of sub-section (3) of section 67-A, as set out in the Ninth Schedule to the Government of India Act, 1935, I hereby direct that the heads of expenditure specified in that sub-section, other than those specified in clause (v) thereof, shall be open to discussion by the Legislative Assembly when the budget for the year 1940-41 is under consideration."*

NEW DELHI,  
The 25th January, 1940

(Sd.) LINLITHGOW,  
Governor General "

The second Message is:

*"In exercise of the powers conferred by rule 2 of the Indian Legislative Rules, I, Victor Alexander John, Marquess of Linlithgow, hereby appoint the Honourable Sir Andrew Clow to perform the functions assigned to the Finance Member under rule 46 of the said Rules on the occasion of the general discussion appointed for Thursday, the 22nd February, 1940, on the statement of the estimated annual expenditure and revenue of the Governor General in Council in respect of Railways."*

NEW DELHI;  
The 31st January, 1940

(Sd.) LINLITHGOW,  
Viceroy and Governor General."

## ELECTION OF MEMBERS TO THE STANDING COMMITTEE FOR ROADS.

**Mr. President** (The Honourable Sir Abdur Rahim): I have to inform the Assembly that upto 12 Noon on Thursday, the 8th February, 1940, the time fixed for receiving nominations for the Standing Committee for Roads, two nominations were received. As the number of candidates is equal to the number of vacancies, I declare Sardar Bahadur Captain Dalpat Singh and Dr. Sir Ziauddin Ahmad to be duly elected.

## COMMITTEE ON PETITIONS.

**Mr. President** (The Honourable Sir Abdur Rahim): I have to announce that, under sub-order (1) of Standing Order 80 of the Legislative Assembly Standing Orders, the following Honourable Members will form the Committee on Petitions, namely:

- (1) Mr. A. Aikman,
- (2) Syed Ghulam Bhik Nairang,
- (3) Mr. N. M. Joshi, and
- (4) Sir Abdul Halim Ghuznavi.

According to the provision of the same Standing Order, the Deputy President will be the Chairman of the Committee.

## HOME DEPARTMENT DECLARATION OF EXEMPTION LAID ON THE TABLE

**The Honourable Sir Reginald Maxwell** (Home Member) Sir, I lay on the table a copy of the Home Department Declaration of Exemption No. 21/68/39-Political (W), dated the 2nd February, 1940.

No 21/68/39-Political (W.)

GOVERNMENT OF INDIA

HOME DEPARTMENT

*New Delhi, the 2nd February 1940*

*Declaration of Exemption.*

In exercise of the powers conferred by section 6 of the Registration of Foreigners Act, 1939 (XVI of 1939), the Central Government is pleased to declare that the provisions of the Registration of Foreigners Rules, 1939, except rule 8 and such of the provisions of rules 4, 14, 15 and 16 as apply to, or in relation to, passengers and visitors who are not foreigners, shall not apply to, or in relating to, the officials attached to foreign Consulates in India mentioned in the annexed list and their families so long as they hold the posts noted against their names.

H. J. FRAMPTON,

*Deputy Secy. to the Government of India.*

*List.*

1. Mons. Ibrahim El-Dessouky Imam, Secretary of the Consulate General of Egypt at Bombay.
2. Mons. I. S. Dugin, Acting Consular Attaché de Carrière at the Consulate of France at Calcutta.
3. Mons. Jalal Abdul Majeed, Secretary of the Consulate General for Iraq at Bombay.
4. Dr. D. Bocchetto, Chancellor de carrière at the Consulate General for Italy at Calcutta.
5. Mons. F. Camilli, Acting Chancellor de carrière at the Consulate General for Italy at Calcutta.
6. Cav. Uff. E. Benasaglio, Secretary of the Consulate General for Italy at Calcutta.
7. Cav. Silvio Marabelli, Chancellor, Consulate General for Italy at Bombay.
8. Mons. Procolo di Matteo, Secretary of the Consulate General for Italy at Bombay.
9. Mons. Raimondo Stuparich, Consular Agent for Italy at Karachi.
10. Mr. J. Yamamoto, Technical Expert at the Consulate General for Japan at Calcutta.
11. Mr. K. Tachi, Chancellor, Consulate General for Japan at Calcutta.
12. Mr. T. Inui, Chancellor, Consulate General for Japan at Calcutta.
13. Mr. T. Takeuchi, Chancellor, Consulate General for Japan at Calcutta.
14. Mr. M. Hirata, Chancellor, Consulate General for Japan at Calcutta.
15. Mr. K. Utsumi, Chancellor, Consulate General for Japan at Bombay.
16. Dr. T. Lisiecki, Commercial Officer at the Consulate General for Poland at Bombay.
17. Mr. J. Jakumowicz, Commercial Officer at the Consulate General for Poland at Bombay.
18. Mons. P. Ekstrom, Chancellor Consulate General for Sweden at Calcutta.
19. Mons. Jean Studer, Chancellor, Consulate General for Switzerland at Bombay.
20. Mons. Ernest Wanner, Chancellor, Consulate General for Switzerland at Calcutta.
21. Mr. Don. C. Bliss, attached to the Consulate General for the U. S. A. at Calcutta.
22. Mr. Barry T. Benson, attached to the Consulate General for the U. S. A. at Calcutta.
23. Mr. Hal N. Deaton, attached to the Consulate General for the U. S. A. at Calcutta.

## THE EXCESS PROFITS TAX BILL.

**Babu Baijnath Bajoria** (Marwari Association: Indian Commerce). Sir, when the House adjourned on Tuesday afternoon, I had explained to the House that the Honourable the Finance Member had made out no case showing the financial necessity of this measure as shown by the figures which had been published till November, 1939. I also showed that Government had been much better off during this year than they had been during the corresponding period last year. I also explained that in the previous Excess Profits Bill, in 1919, Sir James Meston had recognised the principle that either a super-tax or an excess profits tax should be levied. I also explained in short that this Bill would have a very pernicious effect on the Indian industries, in as much as there will be very little enthusiasm or encouragement for further extension of the industries in future, with

[Babu Baijnath Bajoria.]  
the result that the British industries will have an advantage over Indian industries for years to come.

After all, what are the countries which are now most benefiting from this war? India as an industrial country is still in its infancy, and, therefore, it is the neutral countries that have most benefited from this war, because they are much more industrialised and they have been supplying orders which formerly used to go to the continental countries which are now at war. India has got orders only for 14 crores of rupees. This was given in answer to a question yesterday or the day before . . .

**The Honourable Sir Jeremy Raisman** (Finance Member) Those are only direct Government orders already placed.

**Babu Baijnath Bajoria:** I have also mentioned that they got 14 crores orders directly from the Government. Out of 14 crores how much profit can be made? Even at 10 per cent. the profit will not be more than 1½ crores of rupees, whereas this Bill would take away several times that amount.

**An Honourable Member:** How?

**Babu Baijnath Bajoria:** The Honourable the Finance Member made great capital out of the fact that only 5,000 assesseees will be affected by this measure. That is absolutely wrong.

**Mr. N. M. Joshi** (Nominated Non-Official). What is your estimate?

**Babu Baijnath Bajoria:** If each of the big industrial companies, like the Tata Steel Company or the big cotton and jute mills is to be classified as one assessee, each of them has got thousands of shareholders on their list and each of these shareholders will be directly affected by this measure. So, hundreds of thousands of persons will be directly affected by this measure, and inasmuch as this Bill has already had the direct effect of causing a fall in prices of staple commodities and agricultural produce in this country, it can be said that even the dumb millions have been affected badly by this measure.

Then, we have to see which of the other dominions have enacted a measure of this nature. As far as my knowledge goes, no other dominion has yet passed such a measure. Ceylon, which is a crown colony, directly under the British Cabinet, has thrown out such a measure. Why should India come first in the field and propose such a measure and tax the people of this country to such an extent? If Government cares for public opinion in any way, the chorus of protests which have come against this Bill from one and all has been unanimous. If we exclude the Europeans, because they have got good reasons for supporting the principle of this measure because they think that the profit which will come out of this Bill will be utilised for the benefit of England, their own country, Indian commercial opinion has been absolutely unanimous—with an unanimity which has never been known before. The depth of their indignation and resentment can be gauged from the fact that on the 6th February, when

this Bill was introduced, there was a hartal in practically all the principal markets of this country—in Calcutta, Bombay, Lahore, Delhi, Ahmedabad and many other places. They are not like strikes created by my friend, Mr. Joshi

**Mr. N. M. Joshi:** The difference is that your hartal was artificially created.

**Babu Baijnath Bajoria:** These hartals are not like the strikes which my Honourable friend, Mr. Joshi, manages to get up every now and then. As far as my knowledge goes, for the last 10 or 15 years this has been the only hartal or strike of this nature against a measure of taxation. Even the Income-tax Bill, which was very drastic and which was resented by the commercial people did not force them to such a drastic action, because businessmen stand to lose by these hartals.

It is also a matter of great regret that though the Honourable the Leader of the Opposition in this House—I refer to Mr. Bhulabhai Desai—has made speeches against this Bill outside this Assembly, he is absent here. That fact is significant . . . . .

**An Honourable Member:** You must appeal to the Congress Working Committee.

**Babu Baijnath Bajoria:** I have got no confidence in the Congress Working Committee.

The Honourable the Finance Member said that he wants this measure to be enacted because war profits have been made. I want this to be very clearly made out—whether he wants to tax war profits or all excess profits. There is a very great distinction between these two. War profits would mean those profits which would not have accrued but for the war, whereas excess profits will include the profits of several businesses which have gradually developed and have got normal increases in income, in my opinion they should not be touched if this is to be called a war measure. I will specify such a business. Take insurance companies: they get premiums from day to day and the funds accumulate and there is a natural increase in the business income of such companies. The same can be said about the banks and investment companies and various other businesses it can be truly said of them that their profits have got no relation whatever to the circumstances created by the war. In all fairness therefore, if the Honourable the Finance Member wants to tax only war profits, he should exempt such businesses whose income has nothing to do with circumstances arising out of the war.

Now, Sir, I propose to make a few suggestions for the modification and improvement of this Bill. In the first place, with regard to the chargeable accounting period, it has been said that this tax will be levied from profits arising from the 1st of April, 1939. There was no war at that time. So any profits made from that date cannot be called war profits and cannot be included in this measure. I would also suggest that this Bill should not have retrospective effect on profits made in previous years. Therefore, Sir, the natural thing should be that the operation of this Bill should begin from the 1st April, 1940. I think it will be agreed that this is a most reasonable

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suggestion, but if the Government are not prepared to accept it, the least they can do is to take the 1st of October as the date from which profits can be calculated.

Again, Sir, there is the statutory percentage. The percentage which has been allowed here is very low, and it is not sufficient to encourage business people to invest money in business. I would suggest that the statutory percentage should be at least ten per cent for companies and twelve per cent for individuals or registered firms. Sir, this Bill is a very complicated Bill. I am not a lawyer, and I cannot understand the implications of each and every clause of it. I would, however, like one point to be made clear by the Honourable the Finance Member. In the case of registered firms, I should like to know whether the profits made by them are going to be assessed collectively or the profits will be assessed after the profit is distributed to the individual partners, as is done in case of income-tax or super-tax. I pause for an answer.

**The Honourable Sir Jeremy Raisman:** I think collectively is the answer to that.

**Babu Baijnath Bajoria:** That, Sir, I will say is the unkindest cut of all, because it will mean that a new class of assessee is going to be created by this Bill. At present registered firms are not assessed as firms, but the total income of the firm derived from the joint efforts of the partners is divided in proportion to the respective shares of the partners and then the partners are assessed on their respective incomes. If the firm is assessed collectively on its total income, it will mean a great hardship. I should like to illustrate it by a concrete example. If a registered firm has made a profit of Rs. 30,000 during the standard period, and if supposing the profit is Rs. 50,000 during the chargeable accounting period, then according to this Bill, Government will take half of the excess profit, that is half of Rs. 20,000 or Rs. 10,000 from that business; whereas if there are four partners in that firm, and if the individual share of the partners previously was Rs. 7,500, and if the profits is say even Rs. 50,000 now, the share of income of each partner from the firm will be Rs. 12,500, which will be below the minimum amount of Rs. 20,000 provided in this Bill. Whereas on the one hand none of the partners have earned more than Rs. 20,000 they will be exempt from the operation of this measure, on the other hand full Rs. 10,000 will be chopped off from this firm which will mean a great hardship to the firm. I hope, Sir, the Honourable the Finance Member and also the Select Committee will give their serious consideration to this matter.

Then, there is the standard period. I do not know whether it is inadvertently done or it has been done purposely, the year 1938-39, that is to say from the 1st April, 1938, to the 31st March, 1939, has been excluded from the standard period or from the years of option. I do not understand the reason for it. The year 1938-39 was surely a period which had no connection whatever with war or with abnormal profits which the Finance Member thinks people have made. Therefore, I strongly urge that the year 1938-39 must be included in the years of option given to the assessee.

Then, Sir, there is the case of companies or business started after the 31st March, 1936. There is an anomaly in clause 6(1) (a) or (b). Section



6(b) provides that new business started after the 31st March, 1936, will be allowed the statutory percentage only. But supposing during this standard period the profit of such business was more than the statutory percentage, still will it be denied to deduct what is called the standard profits under section 6(1) (a), whereas the older business will be allowed to take standard profit if the percentage of profit is more than statutory percentage; whereas if the new companies happen to make more profit than the standard profits, they will be denied that right. They will have to be satisfied with only the statutory percentage as provided in section 6 (1) (b). I do not think that can be the intention of the framers of this Bill. The idea should be that newer companies should be given the option of either taking the statutory percentage or the standard profits, whichever may be to their benefit. I explained the other day that so far as companies are concerned, though this is said to be only 50 per cent. of the excess profits, still their share will come to about 62 per cent. of the excess profits. In the case of registered firms or individuals, from what I gathered from the answer which I just got from the Honourable the Finance Member, that they would be taxed collectively, the percentage will be about 75 per cent. of the excess profits which they make. I shall just explain this point. First of all, 50 per cent will be taken off. Supposing the excess profit comes to Rs 2 lakhs, one lakh will be taken off as excess profits tax, and on the other one lakh, the maximum rate of income-tax will be levied, and though there is what is called the sliding scale of super-tax to higher incomes, it works out to six or seven annas in the rupee, and so collectively as between income-tax and super-tax about half the profit will be taken as income-tax, and super-tax. So, out of the balance of one lakh excess profit, another Rs 50,000 will be taken. Therefore, out of two lakhs, Rs 1 lakh and fifty thousand will be taken which will mean 75 per cent. Sir, this rate is absolutely preposterous, to say the least, and it will have to be substantially reduced. A reduction of 10 or 20 per cent cannot be called a substantial reduction, but it will have to be very considerably reduced.

Then, there is the point made by Mr. Aikman and Sir Homi Mody, that this measure should be reviewed every year as the income-tax, super-tax and other financial measures are reviewed by this House. There is no doubt that the working of this Bill is sure to disclose hardships in many cases and if this House has got that power of revision or review, then the cases of hardship which may come to light during the working of this Act can be reviewed and adjusted.

Then, there is another point and that is about the capital in the business. It has been provided that the rate for the ordinary share capital of the company will be eight per cent. and for other business it will be ten per cent. But, as was rightly pointed out by Sir Homi Mody, the paid up capital of the Company bears absolutely no proportion, or relation to the actual amount invested for the running of the business of the company. It is so obvious, I think, to Income-tax experts like Mr. Chambers and Mr. Sheehy that I need not explain this point at great length. The business of the company makes profits but it does not distribute the entire profit. It gradually builds up its reserves and that is also invested in the business.

Then, there is the question of the borrowed capital. I daresay that most of the companies or most of the business have to borrow from banks

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on secured loans or unsecured loans and in the case of an individual he has to borrow from his friends or get a credit in other possible ways. So, this statutory percentage should be allowed on the entire capital which is being involved in running the business. In the case of companies, it will be block account *plus* the working capital which is employed for stocks and other purposes. This requires a very careful consideration and I have no doubt that the present Finance Member who is not of Griggian temperament will look into the matter thoroughly. He has an amiable nature and as has been pointed out by Sir Homi Mody, he was in a very great haste to present this Bill before this Legislature and so he has only copied the English Act which bears very little relation to the conditions obtaining in this country. I am sure that when we point out to him inequities in this measure, he will surely do away with its anomalies and the hardships which this Bill would entail on the general business community of this country.

There is, then, the question of agricultural income from Burma and the Indian States. Of course, this is a point which will be decided by the Select Committee, but I would like to know whether the agricultural income accrued in Burma or in an Indian State will be included in the business income and whether it will be liable to taxation under this measure.

**Mr. S. P. Chambers** (Government of India: Nominated Official). May I rise, Sir, on a point of explanation. In the example given by the Honourable Member, I am afraid it would depend upon the circumstances of the case. It depends whether the business is assessed under one section of the Indian Income-tax Act or under another section. I am afraid the details of this point are hardly relevant to the main discussion whether the Bill should be sent to the Select Committee. If the Honourable Member wants some further details, perhaps he might ask me in the lobby and I will then explain the matter to him in detail.

**Babu Baijnath Bajoria:** Sir, I have explained some of the points on which this Bill requires modification. In conclusion, I will say that the Honourable the Finance Member has made out no case in his speech nor in the aims and objects of the Bill for the imposition of such a measure at the present stage and has not disclosed his financial necessity. So, I cannot lend my support to this Bill.

**Sir Cowasji Jehangir** (Bombay City: Non-Muhammadan Urban): Mr President, there must have been very very few Bills indeed, presented by any Government Member, the provisions of which were inconsistent with the preamble and the Objects and Reasons. I am afraid this Bill is one of those exceptions. If one looks at the preamble of the Bill, I think the Finance Member himself will admit, it is very vague. It merely says:

"Whereas it is expedient to impose a tax on excess profits arising out of certain businesses, it is hereby enacted "

What does that mean? One is at a loss to know, but when one refers to the Objects and Reasons one realises what that preamble is meant to represent. The Objects and Reasons state that the object of this Bill is

“to secure for the Government considerable portion of the additional business profits which accrue as a result of the conditions prevailing during the war”. As every Honourable Member knows, it is the preamble that will remain on record and not the Objects and Reasons. Before I come to point out some of these inconsistencies, I believe that a great deal of the criticism levelled against this Bill, and also these inconsistencies are due to a blind and faithful copy of the English Act of 1939. It reminds me of a Chinaman who was given an old suit to copy. He copied not only all the patches on the trousers of the old suit, but, when he came to the coat, he actually made holes and darned them up as he found them in the sample, with the result that the suit was a very bad misfit. This blind copy of the English Act has also been a misfit for our country. There are several schools of thought with regard to this Bill, and opinions have been expressed in fairly strong terms notwithstanding the very short time that was given to the public to study such a complicated measure.

There is a section of thought which believes that this measure will retard the progress of industries, will stop new industries from coming into existence and, generally, will be harmful to the interests of our country. They also pertinently ask that if Government desire to share in actual and real war profits, will they be prepared to share in losses that will accrue, due to the cessation of war? There is another school of thought that believes that the State is justified in demanding a share in profits that accrue really from the war. Personally, I am inclined to agree with the latter school of thought. The State is entitled to a share, a reasonable share, in those profits but that school of thought desires to be assured that those profits are war profits and not normal profits.

Now, Sir, I will turn to some of these inconsistencies. As has been said on more than one occasion during the discussion of this Bill, profits are to be collected from the 1st April, 1939, that is to say, five months of pre-war period are taken as if it were war period. Now, if you are to take war profits, how can you contend that in a country like India there were any profits for at least five months before war was declared? The conditions in England are totally different. War preparations began in right earnest from September, 1938. It was owing to the neglect of war preparations before 1938 that England today has cause for complaint, but after September, 1938,—after the Munich affair, England went full steam ahead preparing for war. Did those conditions prevail in India? Except the order for a few sand bags, there was no preparation for war in India until a month or two after war was declared. According to the Objects and Reasons only actual war profits are desired to be obtained.

**The Honourable Sir Jeremy Raisman:** If there were no excess profits, there will be no tax.

**Sir Cowasji Jehangir:** There will be normal profits and you will get hold of them. That is my point. You will get at these normal profits believing them to be war profits.

**The Honourable Sir Jeremy Raisman:** Normal excess profits?

**Sir Oowasji Jehangir:** There is a normal increase in profits which every business hopes to make, which is not war profit. Now, look at the Statement of Objects and Reasons. You say:

"The outbreak of war, while it has necessitated greatly increased expenditure by the Government on defence and other services, has simultaneously created opportunities for the earning by companies and persons engaged in business of abnormally large profits".

You refer to the outbreak of war in your own Statement of Objects and Reasons, and when you come to the provisions of the Bill you tax five months of pre-war period. I call that inconsistent, and I call it a faithful copy of the English Act without considering Indian conditions. I think that this House will be justified, and the public will demand that you change that date, and I trust that that will meet with the views of Government when we come to discuss this question after the Select Committee report. Now, Sir, I would suggest along with several of my friends here that the date should be 1st April, 1940.

Now, we come to the standard period. Again as Mr Bajoria has very pertinently pointed out 1938-39 has been omitted. One cannot but become suspicious that the Government desire to get at normal profits. Why has 1938-39 been omitted, or the calendar year 1938? We very well know that the other years mentioned in the Bill were years of severe depression for Indian industries—1935-36, 1936-37, 1937-38. They were not normal years. There were losses in many concerns,—leave aside profits. They were the worst years of depression we have experienced within the last ten years, and those are the very years that Government take as a standard for profits. That is inequitable, and the one year in which there was a little revival of trade—1938-39—the Government deliberately omit. Why? Because the English Act omits that year and why does the English Act do it? Because there were war profits in 1938-39 in England, or it was supposed to be so. There were preparations for war. Large orders were placed. Large factories came into existence through Government assistance, with Government money. Surely you cannot so blindly follow the English Act. You must consider Indian conditions. The Act is meant for India. I believe that the Finance Department had not sufficient time to prepare an Act like this. They found a very good measure passed in England, and like the Chinaman, they copied it, but it is our duty to consider the conditions of our country, and, moreover, it is our duty to see that the Bill is suitable to Indian conditions. Now, take the corresponding section in the Act of 1919 passed in this country. There, three war years were taken as the standard years, and over and above that another option was given. It was ten per cent on the capital employed in companies. Therefore, the Act of 1919, in India, had a standard period to guide them, a standard period which was a reasonably profitable period for industries in this country, but they also give assessee the option of taking ten per cent. on the capital employed in companies. I lay emphasis on the word "employed". It is not my business today to explain to any Honourable Members who may not really understand the difference between employed capital or the block account or the share capital. I am not going into these details. I advisedly used the word "employed capital". I think that option should be given in this case, and I see no reason why it should not be.

**Mr. M. S. Aney** (Berar Non-Muhammadan) If the Honourable Member wants the other Members of this House to understand fully the implication of this argument, may I ask him to explain the distinction?

**Sir Cowasji Jehangir:** I will certainly do so, but I must not be blamed for taking too much time of the Honourable House. Well, the share capital of a company is the monies that go to the company as subscribed by the shareholders. The block account of a company means all the expenditure that may have been incurred by the company for machinery, and buildings, not only from the shareholders' money, but from other sources

**Mr. N. M. Joshi:** What is the block account?

**Sir Cowasji Jehangir:** You do not understand anything about the subject. Let the Honourable Member devote his attention to Russia.

The block account, therefore, is the total expenditure, regardless of where the money comes from, on buildings and machinery. Then, there is money used for other purposes, they may be debts due to the company for sales made and which have not been received. You do not get hard cash when you make sales; it comes six months or a year afterwards. There may be money employed on your unsold stocks, on stores, on raw materials. Therefore, all that money is money employed in the company. I have already explained what the share capital is, and I have explained what the block account is. Now, Sir, several Honourable Members have already noted the inconsistency in the Bill with regard to depreciation. As this Honourable House knows, the method of counting depreciation was changed in the last amendment to the Income-tax Act. There, the depreciation is counted on the written down value. In the old days, depreciation was counted and calculated on the cost. Now you must compare like with like. If you calculate your depreciation for your standard period in one way, you must calculate your depreciation in the same way when you come to your chargeable accounting period. There is no provision in the Bill for that. The result in short is that, if the Bill is not amended, the profits for the chargeable accounting period will be artificially inflated in comparison with those of the standard period. I am certain Government never meant that. They could not have done so; it is impossible to believe they could. Therefore, such an inconsistency with the objects and reasons must be amended, and I trust they will do so.

Now, Sir, coming to this question of depreciation, I think that the best thing would be to leave the depreciation on the cost value so long as this Bill remains on the Statute-book and make your change afterwards. We were given to understand, when the Income-tax Bill was being amended, that this change of method would make no effective difference to the industries. I am not alone in that recollection; I think others also have the same recollection as myself,—that that assurance was given to us. Why, I am even reminded that we were even asked to have it put into the minutes, but we said that the Finance Member had given such an assurance and it was not necessary to put it in the minutes. My attention was drawn to that by a friend in Delhi . . . .

**Mr. S. P. Chambers:** May I rise to a point of explanation, Sir? I was a member of the Select Committee to which Sir Cowasji Jehangir has referred and so was Mr. Sheehy and we have no recollection whatever of any assurance having been given by the Finance Member that in making the change in the depreciation basis from the cost basis to the written-down basis that that would make no difference whatever to industries.

[Mr. S. P. Chambers.]

Certain assurances were given, and my recollection is that those assurances were as follows. First of all, Sir James Grigg assured this House and on the floor of this House he made a statement that the new rates on the written-down value basis would not be fixed without consulting the interests concerned. That was one assurance given. Another statement which was made was that taking all years together the full allowance for depreciation would be the same in both cases. The full amount allowed for depreciation, taking all years together, would be unchanged, because the full amount of the cost of the assets is allowed over the period of the life of the assets. In that respect the new law is, as Honourable Members at that time agreed, superior to the old law, in that the residual value is given in any case whether the asset is obsolete or not, but my recollection and that of Mr. Sheehy is that no assurance was made that the change would make no difference. May I add further that the suggestion made by the Honourable Member is to my mind almost incredible, because, if there was to be no difference in the amount allowed each year, why would either the Select Committee recommend, Government propose, or this House agree to the alteration in the basis of computing the depreciation, which means so much work not only to industry but also to the Income-tax Department? May I also remind the House that on the floor of this House, standing in this seat, I pointed out that in many cases the rates of depreciation were too high. That statement is also contained in the Income-tax Enquiry Report of 1936. Those statements were made on the floor of the House and we have no recollection of any statement being made inconsistent with those statements.

**Sir Cowasji Jehangir:** My recollection is not the same that Mr Chambers and Mr Sheehy evidently have. I remember the words "effective difference", and my attention has also been drawn to the speech made by the Honourable the Leader of the Opposition, who has now disappeared into vapour, that he had studied this question and he had assured himself that no injustice or no harm would come to industries.

**An Honourable Member from the Government Benches:** That is a different matter of course.

**Mr. President** (The Honourable Sir Abdur Rahim): Was this assurance given in the House?

**Sir Cowasji Jehangir:** No—in the Select Committee. At any rate with regard to this Bill you will have to make an amendment. The present Bill as it stands is completely inconsistent with your policy. You must compare like with like, and how is it that you have forgotten to do it? You were experts—how did you forget to do it? I can point out several other things which you have forgotten.

I come now to the most important issue before us, viz., that this Bill is intended to get for Government a share in the war profits, profits due to the war, but it is not intended to get for Government a share in the normal profits. That is what the Statement of Objects and Reasons says,—that they want a share in the war profits. Now, I will give you many instances where Government will get a share in the normal profits. This Government, while they talk of social justice and rightly too perhaps, are out to get, over and above the income-tax, a portion of the ordinary profits such

as would have accrued had there been no war. I will give you two or three instances. A company enlarges its business, increases its outturn, hoping to get very good profits out of that increased outturn. It spends lakhs, crores of money in machinery, in extra buildings, in the expansion of its business. The machinery was ordered out long before the war was thought of, the buildings were constructed say, before the war broke out, the machinery also came into operation before the war broke out. But the profits from that increased outturn will accrue in the chargeable accounting period. What is the allowance allowed by this Bill? A petty amount of percentage on the increased capital. Is not that taking a part of the profits not due to the war? By all means, take your profits on that outturn which is due to the war, but do not take such part of the profits which would have accrued from that extra expenditure had there been no war. Then take the case of a windfall to a company, a firm or an individual. I am going to give you a concrete instance. There may be claims by a firm against another firm, by one company against another company. The case may go to a court of law,—to the High Court. The decision may go in favour of the plaintiffs, and the court may award a certain amount of money to the plaintiffs. That money may not be capital, the Income-tax Department may hold that it is income and say, your income should go up by that amount. Nothing to do with the war, merely, to do with certain legal claims made by one party against another, which may benefit one party at the cost of the other party. Such income will go into the chargeable accounting period, it will not be in the standard period and Government will promptly seize 50 per cent. of it. There is no provision in the Bill for such a case.

**Mr. M. A. Jinnah** (Bombay City Muhamnadan Urban). How would you define war profits?

**Sir Cowasji Jehangir**: I will come to that, but let me just finish this question. I will give you a concrete instance of what happened. There is a very big company. It has got preference shares. The point in dispute was whether those preference shares were income-tax free or not. Certain shareholders went to court. The court held that at least three years of income-tax should be returned to the shareholders. It amounted in that case to something like Rs. 25 lakhs. There are some shareholders who will get a lakh of rupees. That lakh of rupees would be held by the Income-tax Department to be income and will go into the chargeable accounting period and there will be nothing to compensate in the standard period and Government will get half of it.

**Mr. M. A. Jinnah**: No. That is not business.

**Sir Cowasji Jehangir**: That is business according to Government.

**Mr. M. A. Jinnah**: Supposing I am a shareholder and because of this decision I get a dividend on my shares, which I otherwise would not have got . . . . .

**Sir Cowasji Jehangir**: No dividend.

**Mr. M. A. Jinnah**: I am talking of the Act.

**Sir Cowasji Jehangir:** I am talking of the case which I was citing.

**Mr. M. A. Jinnah:** It cannot come under this Act.

**Sir Cowasji Jehangir:** It will be added to the income in the chargeable accounting period and because that income is a windfall, there is nothing to compensate in the standard period. It increases your income by a lakh of rupees or Rs. 50,000, or whatever it may be, and when you compare the standard period you are taking half of it.

**The Honourable Sir Jeremy Raisman:** Clause 25.

**Sir Cowasji Jehangir:** How does it apply?

**The Honourable Sir Jeremy Raisman:** Hard cases.

**Sir Cowasji Jehangir:** Board of Referees?

**The Honourable Sir Jeremy Raisman:** No, the Central Board of Revenue.

**Sir Cowasji Jehangir:** But surely there ought to be some provision for such a case. I will give a more glaring instance, which I cannot understand the Finance Department overlooking. Under the amendment of the Income-tax Act all foreign incomes were taken to be accruing in this country on which income-tax was assessed. I would give you a concrete instance. A firm has an income of a lakh of rupees in India and has investments yielding Rs. 25,000 in England. Under the amendment of the Income-tax Act, the income of that firm will be a lakh and a quarter on which income-tax will be charged. Before the amendment of the Act, the Rs. 25,000 was not taken into calculation at all, it did not appear in the Indian books of the company, it appeared in a separate set of books showing to the Income-tax Department what was the income from foreign sources. That change came into operation this year. Income-tax on that has had to be paid this year, and in an attempt to compare like with like what would you compare? In the standard period you have only your Indian income, while in the chargeable accounting period you have got to calculate your foreign income as well, with the result that Government will get half of your foreign income which had been accruing to you or to the firm for the past number of years. No exception has been made for that. Is that a hard case?

**The Honourable Sir Jeremy Raisman:** There is a Select Committee stage surely.

**Sir Cowasji Jehangir:** There is a Select Committee stage. I am very glad that my Honourable friend has made that admission, but when we have Finance Department—not the Finance Member—manned by experts, we expect that they should not tamely copy the English Act, but they should consider our conditions. The amendment was fought out in this House last year and still the Finance Department forgot about it and no exception was made and they say it is a hard case, and now my Honourable friend, the Finance Member, very frankly—let me give him credit for his frankness—says there is a Select Committee for you.



**The Honourable Sir Jeremy Raisman:** I do not admit that the point has not been met.

**Sir Cowasji Jehangir:** Where is it met?

**Mr. S. P. Chambers:** This is hardly the place to discuss the details of the Bill . . . .

**Sir Cowasji Jehangir:** I would ask Mr. Chambers to sit down; I am not giving way. I am coming to Mr. Chambers very soon.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member (Mr. Chambers) has raised a point of order that the Honourable Member (Sir Cowasji Jehangir) is discussing the provisions of the Bill in detail. I think he wanted to point out only certain general features of the Bill, but if he makes any attempt to discuss any of the provisions in detail, then the Chair will have to intervene.

**Sir Cowasji Jehangir:** I trust that the Honourable the Finance Member will keep that point in mind and see . . . .

**The Honourable Sir Jeremy Raisman:** Clause 5 shows that we were thinking of that.

**Sir Cowasji Jehangir:** I am very glad to hear that and I have full confidence in the Honourable the Finance Member, and I do trust that he will look into that point.

The next point I come to is the paying of double-tax on profits. I think that should be avoided under all circumstances, and no company, firm or individual should be made to pay double profit tax. I know in certain cases there are provisions in the Bill, but as a general principle, I would beg of the Finance Member to consider in the Select Committee that he sees to it that no company, no firm or individual is made to pay double profits tax. One gets his dividends, from a company that has paid profits tax, the dividends are calculated in the case of the individual in his own profits, do not let him have to pay profits tax again. That is a point worthy of consideration. I would beg of the Members of the Select Committee not to forget it.

Then, Sir, there is one more point in the Bill which requires the serious consideration of the Finance Member and of the House. There is a provision in the Bill, sub-clause (4) of clause 8 which we believe will hinder the transfer of business, especially in these times of war. There is a business the block account of which may be say ten lakhs. A man thinks it worth his while to buy it at 15 lakhs, paying five lakhs profit because he may be of the opinion that in these times greater prospects are before him. Under this clause that I have quoted no allowance is given to him for the extra five lakhs which he has paid. If the original owner had spent five lakhs in the expansion of his business, certain allowances would have been given to him, but if he sells it at five lakhs profit the buyer gets no allowance. It will have the effect of stopping a number of transactions or sales of business, which I do not think advisable either for this country or for the Government.

**Mr. F. E. James:** The buyer may be a mug

**The Honourable Sir Jeremy Raisman:** He may be a crook.

**Sir Cowasji Jehangir:** I know what the Honourable the Finance Member is driving at. The seller may make fictitious sales. For instance if this clause disappears, I might sell a business to my own son at 20 lakhs. The capital block account may be ten lakhs and then I may claim allowance on the ten lakhs excess, but that would be criminal. It would be the work of a crook. Prevent that by all means. But do not stop *bona fide* sales.

**Sir H. P. Mody** (Bombay Millowners' Association : Indian Commerce): Even crooks must live!

**Sir Cowasji Jehangir:** We all live. Now, Sir, I have complained that there has been a blind copy of the English Act, but where there was a provision which went to the advantage of the assessee, I see that it has been dropped from this Bill. In the English Act there is provision for special depreciation for the excessive wear and tear of machinery during the period of war. That is allowed in the English Act, but that has disappeared from this Bill. I would ask the Honourable the Finance Member to restore that in this Bill.

**The Honourable Sir Jeremy Raisman:** I know the history of that point.

**Sir Cowasji Jehangir:** Perhaps the Honourable Member would tell us what that history is, and tell us exactly how it is not suitable to India. We shall be prepared to take his opinion on this matter. I have been rather severe in attacking this Bill saying that it was a mere copy of the English Act, but where the English Act contains any provision in our favour, I see the Finance Department has been quite wide awake to drop it out.

I will now come to one or two general aspects of the case and before I do that, I think I had better refer to the classes of business which can never make war profits, such as Insurance companies, Cinema companies, etc. I would ask that these companies be exempted from the mischief of this Bill. So far as Life Insurance companies are concerned, it is quite evident from the experience of the last Great War that the only profit life insurance companies can make during War periods, is the normal increase of profits, which have been made for a series of years. There is not the remotest chance of profiteering, and it will be definitely inequitable to tax such a normal increase.

This Honourable House knows that during war time there is every chance of serious depreciation in the value of Government securities. The House also knows that the Insurance Act of 1938 requires 55 per cent. of the liabilities of a life insurance company to its policyholders in India to be kept invested in Government and other approved securities, which, if the experience of the last war is any indication, are likely to depreciate. In practice, however, life assurance companies in India have invested up to 60 per cent. of their total assets in Indian Government securities, and in Municipal, Port and Improvement Trust securities. Their experience,

therefore, is likely to be even worse than that of the companies established in the United Kingdom. These companies at any rate cannot, therefore, look forward to any abnormal profits as a result of the War.

Now, I should like to draw the attention of the Honourable the Finance Member to what I am going to say now because it will be very pertinent to the discussion of this Bill in the Select Committee. According to Schedule I in the case of Life Assurance business, the profits shall include all income received from investments, but it is not explicitly stated in Schedule II which contains the rules for computing the average amount of capital employed that as far as Life Assurance companies are concerned, the Life Assurance fund representing roughly the liability of the company to its policy-holders is to be included in the average amount of capital employed along with the paid up share capital. The peculiar nature of life assurance business has already been recognised by Government, and a special basis for assessing such companies to income-tax has been laid down. To deem, therefore, for the purposes of excess profits tax, the entire invested income of life assurance companies as profits without at the same time including the life assurance fund in the average amount of capital employed would be rightly unjust. I would, therefore, suggest that life assurance companies should be exempted from the operations of the proposed Excess Profits Tax Act, which would only mean that companies which can only make a normal profit should not fall within the mischief of this legislation.

Now, I will say a few words about Cinema companies. I do not think that due to the war, they can put up their rates of entrance, nor due to the war will the number of people who go to cinemas increase. At the same time there are a large number of companies who, I am told, are in a very bad way, and in order to improve their prospects, they ordered new machinery and they employed more skilled labour which have just begun to operate. Their capital cost has gone up with no prospects of much larger revenues. How is the war going to affect those cinema companies and why should half the benefit of expenditure incurred within the last two years and of better experienced men being employed in the business go to Government because they make larger profits than the standard period? I would ask the Finance Member to consider this case. Perhaps he will find an equitable way out with no injustice to such companies which have been struggling hard for existence and which have had many handicaps to contend with.

Now, I shall deal with some other aspects of the case with regard to this Bill. I presume Government will have to borrow money. If our expenditure is to be on so large a scale due to the war, borrowings will be inevitable. Has the Finance Member considered what effect this Bill will have on such borrowings? I would ask him and Government to consider as a broad policy the effect of this Bill on their borrowing powers. It may be that they will have curtailed those facilities which they may have for borrowing at the most urgent time. This Bill may be an easy way of getting some money, but it may create difficulties for getting much larger sums when the emergency arises and may even necessitate a higher rate of interest having to be paid by Government than they would have otherwise done.

Another point is the method of collecting this tax. The Income-tax Department is to be used as the machinery for collecting it. The

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remarks I have to make, I make with the greatest regret, and remarks such as these I have had no occasion to make during my life in this Assembly for the last ten or eleven years. I say without the slightest doubt in my mind that the administration of the Income-tax Department, at least in the Presidency of Bombay, since the amendment of the Act took place last year has been thoroughly demoralised. It has resulted in loss to Government and inconvenience and even harassment to the assessee. And this is the department that has to collect this important tax.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member may continue his speech after Lunch.

The Assembly then adjourned for Lunch till Fifteen Minutes Past Two of the Clock

The Assembly re-assembled after Lunch at Fifteen Minutes Past Two of the Clock, Mr. Deputy President (Mr. Akhil Chandra Datta) in the Chair.

**Sir Cowasji Jehangir:** Sir, just before Lunch, I was touching on rather a delicate point which I would like to finish. I had said that the machinery provided in this Bill for collecting this tax will be the Income-tax Department, and I had said that so far as Bombay is concerned—I cannot speak with any first-hand knowledge of other parts of India—since the passing of the last amendment to the Income-tax Act, the department had become demoralised and this had resulted in inconvenience to the assessee and even harassment. In all the ten years that I have been a Member of this Honourable House, I have had nothing but praise for the Income-tax Department. I have never had occasion to draw the attention of the Honourable the Finance Member to the administration of that department . . .

**Mr. M. S. Aney:** Others had!

**Sir Cowasji Jehangir:** Others had. But today it is really my painful duty to draw his pointed attention to the state of affairs that prevails in Bombay. If this tax is to be collected by that department, we want men of experience, men of capacity, above all men with a wide vision. We do not want the office-clerk mentality in the Income-tax Department. This office-clerk mentality must disappear both for the advantage of the assessee as well as of the Government. The assessee is thoroughly dissatisfied. Sober men, men who always were prepared to do justice to the department which had a very difficult task to perform now feel that this office-clerk mentality makes the officers grasping, merely desirous of collecting revenue, justly or unjustly. They seem to have forgotten that they are not only servants of Government but also servants of the public and that it is their duty in this important department to see that justice is not only done to Government but also to the assessee. Compare this department with the department in England. In England, the officer makes it his business and considers it his duty to assist the assessee and at the same time to see that the proper revenue is collected. There are men there at the head of the department, men of vision, men with a broad outlook. This office-clerk mentality must now disappear, and I would like the Honourable the Finance Member to give us an assurance that he

will see that this department is manned by men of capacity, men of ability and above all men with experience, who will regain the confidence of the vast number of assesses all over India. If you gain the confidence of assesses and make them believe that your officers are out to do justice, you will benefit Government much more than by making your department believe they are merely office clerks . . . . .

**Mr. N. M. Joshi:** Mr Deputy President, I rise to protest against the implied libel on the clerical profession. Clerks are as honest, as industrious and as public-spirited people as the officers of the department

**Mr. Deputy President** (Mr. Akhil Chandra Datta): Is that a point of order?

**Mr. N. M. Joshi:** It is a point of order.

**Mr. Deputy President** (Mr. Akhil Chandra Datta) I do not think it is a point of order

**Sir Cowasji Jehangir:** There was no intention of libelling a very excellent class of men who do great service to Government, and to private offices such as the clerks. But the vision of a clerk remains the vision of a clerk; the vision of an officer remains the vision of an officer, and if all clerks were capable of doing the work of officers, well, then, the I. C. S. examination must disappear. I have nothing further to say in this matter except to draw the pointed attention of my Honourable friend, the Finance Member, to something done lately which has created a very bad impression. The House will remember that a central section was brought into existence by the amendment of the Act. It was contended that the new central section had no jurisdiction over cases transferred to it from the wards. This was upheld by the High Court and Government lost their case. To set matters right, an Ordinance was immediately issued. To my recollection this is the first time an Ordinance has been issued in a financial matter of this kind. Although the Act gives power to Government to issue Ordinances even under these circumstances, I thought that Ordinances were meant for much more important matters. The upsetting of a High Court decision by an Ordinance is a matter so serious and has created so bad an impression, throughout Bombay at least, that I would like my Honourable friend, the Finance Member, to realise the position. I hope and trust that no Ordinance will be used with regard to this Bill when it becomes an Act. There are times and places where Ordinances are required in this country. The use of the Ordinance to which I referred was in the spirit unconstitutional. Legally it was right.

I have been told, and rightly perhaps, that I have taken up a great deal of time of this Honourable House; and although there are many points which ought to be brought to the attention of this House, I do not propose to do so. I will conclude by saying that the final few words of the Honourable the Finance Member have given us great encouragement, and I congratulate my friend, Mr. Bajoria, whom I do not see here now, for having coined a new phrase "Griggian temper". That day has gone. The final few words of the Finance Member assured us that he was out to do justice, that he was out to look into hard cases, and I feel confident that when this Bill comes back to this Honourable House, it will meet

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with a better reception than it has met with on its introduction. I cannot agree with my friend, Sir Homi Mody, that we should be frightened of certification, and that anything we say or ask must result in certification. Those days, I trust, have gone with the new Finance Member. We must forget the days of certification . . . .

**Sir H. P. Mody:** Get an assurance from him.

**Sir Cowasji Jehangir:** . . . and that sweet reasonableness will be the order of the day. The days of 'I will punch you if you say a word' have gone . . . .

**The Honourable Sir Jeremy Raisman:** At that rate you would have got a lot of punches today!

**Sir Cowasji Jehangir:** There were honest criticisms, and I trust, as I have said before, the days of certification and the days of Ordinances, even under the present regime, however long it lasts, have gone, and that the days of sweet reasonableness, with a desire to meet the views of the Opposition—a characteristic of this Government until five or six years ago—with sincere attempts to meet the Opposition half way,—will again be revived, and that we shall not, during my friend's tenure of office, have budgets certified or Ordinances thrown at us or at the public. With the sincere desire and conviction that we shall work on financial matters in an atmosphere of help and co-operation, I conclude my remarks, trusting that this Bill will fulfil the objects which the Government have in view, namely, merely to share in war profits and to leave normal profits to men who sweat and work to obtain them.

**Sir Muhammad Yamin Khan** (Agra Division, Muhammadan Rural): Sir, we have so far heard the views of the people who are engaged either in industries or who are capitalists, but we have now to look to the views of the general taxpayer of this country. We all know that the war has brought out at least one thing with which everybody is familiar and it is . . .

An Honourable Member: Sand-bags!

**Sir Muhammad Yamin Khan:** . . . that imports into this country are falling every day, and the income which we would have got from this source is also rapidly falling. Then we also know that the expenditure of the Government of India is going up every day, with the result that on the 29th of February we will be faced with a deficit budget. The result will be that the burden will fall on the general taxpayer. He is already suffering from various difficulties, particularly owing to the rise in prices of imported articles. Merchants who hold large stocks of imported goods are today making not only cent per cent profit, but they are making sometimes 500 per cent or even a thousand per cent profit on the stocks they hold. I will give a few instances to convince the House. A medicine which cost say one rupee in July last was charged and sold for Rs. 40 in September at Simla. I knew a glaring case at Simla. A poor man was prescribed a medicine for his child which was dying, and he could not

purchase it because the price of the medicine had gone up from one rupee to Rs. 40, and this scandalous thing came to the notice of the public which created a sensation in Simla . . . .

**Lieut.-Colonel M. A. Rahman** (Nominated Non-Official): What is the name of that medicine?

**Sir Muhammad Yamin Khan:** I think some doctor will remember it, I remember only the case I myself paid for a certain medicine Rs. 8 in August last, while I paid only Rs 3 for it in the previous month. This is the manner in which people who hold stocks are treating the poor consumers. I shall give another instance to show how the poor people are affected by the war. Wheat was sold at 23 seers to the rupee in May last, and the people who had large stocks of this produce have been selling their stock at eight seers to the rupee. This has been hitting very hard the poor consumers of this country, and if the Government had not come to their rescue in time, the prices would have risen much higher. There was a tendency for the prices to rise from day to day until the Government intervened, but when they did actually intervene it was somewhat late. The Government do not move quickly in these matters because they have to depend upon the reports of their subordinate officers, reports which start from the Patwari go through various channels and it naturally takes much time for the Government to take the necessary action to control the prices, because they have to consult, they have to appoint committees, and then only they can come to the help of the poor people. I will give another instance. Sugar which was sold at Rs 8 per maund last year, being made out of the cane crop of last year, is now sold at Rs 13-8-0 per maund. We have got in the neighbourhood of Delhi several sugar factories which produce large quantities of sugar, and that sugar was really made out of the cane of last year, and it is now being sold at Rs 13-8-0 per maund. Thus these people are making something like 69 per cent profit. Now with these figures it is really shameful for anybody to come here and ask that industries should be encouraged, that subsidies and protection should be afforded to industries in this country. There is nobody here who would not like to help the development of indigenous industries so that they may be able to compete favourably with foreign industries. We shall all give our wholehearted support to a demand for help to indigenous industries but cannot be a party to help exploitation. The sugar manufacturers, when they found that Java sugar was not coming in, began to charge exorbitant rates in this country and nobody could have any sympathy with that sort of industrialist who wants a lot of money to go into his own pocket without parting with a part of it for the benefit of the State. Another instance. The Tatas were selling steel girders at Rs 8 a maund and now their price since the war has risen in Delhi to something like between Rs 11 and 12 a maund.

**Sir H. P. Mody:** Their fault or the middleman's? Whose fault is it?

**Sir Muhammad Yamin Khan:** Again, iron bars used to cost about Rs. 7 a maund and are now selling at Rs 13 a maund. Still we have got people here getting up one after another and bewailing how their pockets would be affected if this duty were put on. Certainly the Government and the public must benefit and get a proper share from these robberies which

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are being committed. These are daylight robberies which are being committed through the connivance or on account of the sleepiness of the Government which allowed these things to continue in this country. What I am submitting is the view point of those who cannot shout a lot, who do not control the press, and who are not able to bring to the notice of those who are the real judges of their destinies. Only those have got a great voice in this country who can spend money, who can ask papers to write down their view points and shout everywhere. If these people have made excess profit there is no reason why they should be left out. At least the poor consumer must be saved so much that he may not have to bear an extra burden of new taxation in order to meet extra expenditure. If the consumer is saved this extra burden, if excess profit duty is not levied to meet those expenses, the result will be that the poor consumer will have to pay again. I think the reply to my Honourable friend, Sir Cowasji Jehangir, when he said, what are you going to do, it will affect the borrowing capacity of the Government if the Government taxes these excess profits—my reply to him is that the amount which the Government will collect in the shape of this excess profits duty will never have to be borrowed or paid interest upon from the pockets of the consumer, and this amount will be collected from those people who have shown no mercy to India or to the people of this country. I have heard two or three arguments. One argument advanced by Sir Abdul Halim Ghuznavi was, the agriculturist is losing, has not the price of cotton fallen on account of this? The reply which an intelligent man like my friend should have given to himself is, whose fault is it? The price of cotton has fallen but the price of manufactured cotton goods has gone up.

**Sir H. P. Mody:** Who says that?

**Sir Muhammad Yamin Khan:** The result is that the man who manufactures is gaining doubly. He pays less for the raw material and makes a lot of profit on the manufactured goods, he is doubly gaining. As the imports have been stopped, there is no competition and the manufacturer here wants to exploit the poor people by taking undue advantage of the circumstances, because the poor cotton grower cannot store cotton in his godown for a long time, he must come to the market and sell his cotton. This clique of the merchant class are not prepared to pay this duty. They say, look here, our industries will fail because nobody will come in to put his money into industry because you stop the 500 per cent which we are making. That is a ridiculous argument. People will invest their money and have been investing their money in the expectation of a proper dividend in normal times and not based on abnormal times. The poor cotton grower has been hit very hard by those people who can dictate their own terms to him because other countries are not purchasing Indian cotton. My Honourable friend, Mr. Bajoria, says, supposing four partners have ordinarily an income of Rs. 30,000 a year during the last three years and this year it has gone up to Rs. 50,000, then out of this Rs. 20,000 the Government propose to take away Rs. 10,000. This they should not do, that is what he says, and that the Government should consider that the income of each individual is Rs. 12,500. That is his argument, but I



think these four partners, who combined together to get out of the pockets of other people all this money, should be made to give up half of the amount in order to save the poor people from further taxation. Mr. Krishna Kant Malaviya had a peculiar kind of objection to this Bill. He said that this Bill is intended to meet the extra expenditure which is involved on account of the war, and because the war was started by Great Britain without consulting India, therefore, India should not pay this excess profits duty. This argument appears to me to be too far fetched. The war was not started by Great Britain. Germany attacked Poland overnight and the Allies were forced to give them ultimatum that either they should stop the war or else the Allies will come in. This House took Great Britain to task for not intervening when tyrannies were committed in Abyssinia and China. They got the view of this country that they should not allow this sort of thing to go on and when Great Britain intervened on Germany attacking Poland, Great Britain was perfectly justified. Do the Honourable Members mean to say that Great Britain should have advertised in the papers and that they should have consulted the different bodies in this country and ascertained their opinions before they entered the war? To my mind such an argument can have no bearing on the question before us. Here are people who have made excess profits on account of the war. Whether the war was started with or without our consent is immaterial. Government is perfectly justified in asking for a good share of those profits in order to save the general taxpayer from further taxation which may or may not prove to be a necessity later on. I do not know what the budgetary position is going to be but any one with brain can see that the customs returns are falling and Government have no means of meeting the extra expenditure. We know that Government is spending more money now than they did last year. That being so, I thought that I should express here the viewpoint of the ordinary man in the street and of the ordinary consumer. At any rate in order to create a situation in which they may save themselves from this excess profits duty, the assesses will have to pay larger share in the shape of wages in their industrial concerns and they will incur more expenses rather than accumulate the whole wealth. I think the consumer will benefit and the workers will benefit. The workers will get living wages.

**Maulana Zafar Ali Khan** (East Central Punjab, Muhammadan): May I know if the money from the excess profits will be earmarked for the promotion of industries?

**Sir Muhammad Yamin Khan**: I do not know whether it will be so earmarked but I say that the money that has been taken out of the pockets of the general taxpayer should revert to the taxpayer. The Honourable Member is perfectly right in saying that this money should be used for the promotion of industries but it should be on national lines and not simply to enrich the pockets of a few selfish people who can shout the loudest. The viewpoint I have placed before the House is that of the ordinary man whom you pick up in the street, who has to pay all indirect taxes. Other speakers have expressed their points of view from different angles but the viewpoint I have expressed is that of men who cannot look after themselves. It is in their interest that I have spoken. With these words, I resume my seat.

**Mr. N. M. Joshi:** Mr. Deputy President, when the Honourable the Finance Member in explaining his Bill stated that one of the objects of this Bill was to promote social justice, I welcomed the statement as an indication of a change of angle of vision of the Government of India. I hope that this statement shows a genuine change in attitude of the Government of India towards the masses of people in this country and is not only a cover to hide their doubtful motives. I also hope that this change, if it is a genuine one, will be a permanent one and that their desire to do social justice will not evaporate with the passing of this Bill.

Sir, the taxation system of this country, as it is admitted by the Taxation Inquiry Committee, is iniquitous in its incidence. It falls upon poorer people, considering their ability to pay, more heavily than upon those who are better able to bear the burden of taxation. This Bill, if it is passed, will correct, to some extent at least, the iniquitous nature of the taxation system of this country. I, therefore, hope that this Excess Profits Tax will be made a permanent one.

**Sir H. P. Mody:** Don't meet the Finance Member.

**Mr. N. M. Joshi:** He does not require any incitement or provocation from me. I am in favour of this Bill.

I have listened very carefully to the arguments used by the critics of this measure. The main argument seems to be that if you take away a part of the excess profits from those people who are engaged in trade, commerce and industry, the development of new industries in this country will be retarded. As one who takes interest in labour matters I shall not do anything by which the development of industries in this country will be retarded. I know that the working classes of this country require employment and more employment, but, Sir, the critics of this Bill have not shown that if an excess profits tax is not levied, all the money that is saved will be invested for the development of new industries. In the first place, as we all know, if the men who are engaged in trade, commerce and industry get more money and excessive money it is quite natural that they and their children should spend at least a part of the money in luxuries. Sir, in modern times the means of spending away money in luxuries are growing. The money spent away in luxuries by the previous generation was not so large as at present. The means of enjoyment were not so plentiful and, lastly, the present generation of the industrialists and others engaged in trade and commerce are spending at least double the amount of money in luxuries, and their children will spend still more. Sir, there is no guarantee that the money which industrialists and the men engaged in trade and commerce will get by excessive profits will be spent in the development of industries. Moreover, Sir, we have also found by experience that the money obtained very easily as excessive profits has been spent in the past in speculation and speculative undertakings. Mr. Deputy President, you may have heard, when excessive profits were made in the last war, how new companies were started and poor people were induced to invest money in concerns which were supposed to be very lucrative. But soon afterwards the investors found that a share worth Rs. 10 became worth only Re. 1.

**Sir Gowsaji Jehangir:** You speak from experience?

**Mr. N. M. Joshi:** I speak from the experience of others—that is much better and safer. Sir, a portion of the excessive profits, I have absolutely no doubt in my mind, will be wasted in speculation and speculative undertakings. My Honourable friend, Dr. Banerjee, and some other Members also in their speeches had said that capital in this country is shy. It may be shy. But if people have lost their money in speculative undertakings, what other result do you expect but that the capital should be shy? Sir, if I had to advise a man who has to invest a small amount of money, say Rs. 10 or Rs. 100, well, I shall ask him to beware of speculators. It is quite natural that after the experience of a few years ago capital should be shy. People who have got some money to invest have no confidence in industrialists and in those who are engaged in trade and commerce.

**An Honourable Member:** And in Labour Leaders.

**Mr. N. M. Joshi:** Well, if confidence is to be produced in the hearts of the investors, it is better that the industry should make reasonable profits and those profits should be continued year after year rather than that the industry should make excessive profits which may come to an end at any time when the war ceases. I, therefore, feel, Sir, that, if capital is to be attracted to Indian industries, a reasonable rate of profit is enough. It should serve as a good stimulant, but if, because capital is shy, we try to give a stronger dose of the stimulant, well, it will go to the head, and especially go to the head of shy maudens. I have learnt from my neighbour a good deal. My Honourable friend, Sir Cowasji Jehangir, in his speech referred to Russia and he said I should go to Russia and study Russian conditions or something of the kind. As Russia and Moscow are not the spiritual homes of my Honourable friend, the Baronet from Bombay, I suppose his spiritual home is Germany and Berlin. May I, Mr. Deputy President, ask the Honourable the Baronet to study what has been done in Germany? Hitler, his Prophet, restricts the profits, and has done that for some years . . .

**Sir Cowasji Jehangir:** My Prophet is the Honourable the Finance Member

**Mr. N. M. Joshi:** . . . to six per cent. He does not allow more than six per cent. profits to be made by any industrialist or other people engaged in trade and commerce in that country. The Government of India at least allow you to keep at least one-half of the excessive profits. I, therefore, feel that there is nothing wrong in the Government of India taking for public purposes a half of the excessive profits. If the industries in India, on account of the excessive profits, are forced to restrict their dividends to a reasonable rate, I think not only the public will gain by means of the excessive profits tax but even the industry will gain. Mr. Deputy President, I have already said that I am in favour of the development of industries in this country, and I am as keen if not keener for the development of the industries in this country than those who speak in the name of industry. Sir, some critics of this Bill may be interested in the development of industry for the sake of profits as an addition to their very large incomes, but I am interested in the development of industry as the only source of maintenance of the

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working classes of this country. I, therefore, feel that, although Government is entitled to take to themselves a part of the excessive profits, Government must do everything in their power to help the development of industries in this country. Sir, whether the Government, develop the industries of this country or not will depend upon the use of the proceeds of this tax. If the proceeds of this excess profits tax is spent on various purposes of this war, I shall not be pleased. This war is claimed to be waged for the maintenance of the independence of the weaker nations and for the protection of democracy. Unfortunately, India has not got the independence to maintain and if we can judge from the present political situation in this country, there does not seem to be much likelihood of India having independence to be maintained within a short period. Similarly, there is not much democracy to be maintained or to be protected in India. I would, therefore, not like the proceeds of this tax to be spent on war purposes. As this excess profits tax is being imposed to promote social justice, I would suggest to the Government of India that the proceeds of the excess profits tax should be spent not only in maintaining the standard of life of the masses of the people in this country which may go down on account of the prices going up, but I would like the Government of India to spend that money in bettering their standard of life. I would suggest, therefore, to the Government of India that they should take all steps to see that the standard of life of the masses of people in this country does not go down but to see also that it goes up. This war is a great opportunity when the standard of life of the people of this country could go up, and it can go up if the Government is sympathetic and take all the necessary steps. I would suggest to the Government of India that this is a suitable occasion for them to introduce a system of social insurance, giving security of proper life and security of employment to the working classes of this country. I hope that the Government of India will use a portion of the proceeds of this tax for this purpose. May I also suggest to the Government of India that a portion of the money which they will obtain on account of this tax should be spent for the development of industry in this country. There is no proper balance between agriculture and manufacturing industry in this country. India wants greater industrialisation. I, therefore, feel that the Government of India will be using the proceeds of this tax very properly if they lend money to the industrialists for the development of industry or they themselves should undertake the development of the industry in this country. My fear is that the Government of India may not spend their money for the development of the industry in this country. In that case, they will be doing an injustice to this country. There is a war in Europe. And this war is a great opportunity for India to develop her industries. Unfortunately, the Government of India is following a wrong policy in their Supply Department on account of which there is no encouragement for the development of industry in this country. They are purchasing articles for people who are known as Allies, Great Britain and France, and even for neutrals at rates which do not enable this country to make the best of this war. I would like the Government of India to allow the people of this country to make the best of this war so that industries in this country will be developed and the excess profits tax will not be used as an instrument to discourage the development of industries in this country. If the Government of India

do not use their power for the development of industries in this country and do not also use a part of the proceeds of this tax for the development of the industries in this country, they will be doing not only an economic wrong to this country but also a political wrong. I, therefore, hope that the Government of India will use the proceeds of this tax, which in itself is a very right and just tax, in a proper manner in the interests of this country and in the interests of the industry in this country.

I expressed a hope at the beginning of my speech that this measure, which in itself is a right measure of taxation, should be made a permanent one. It is a measure which brings about to some extent a more equitable distribution of the burden of taxation among the various sections of the population in this country and it deserves to be put permanently on the Statute-book. Pressure is being exerted on the Honourable the Finance Member for giving on behalf of the Government of India a promise,—if he does not agree to put a provision in the Bill,—that the tax will be withdrawn after the war. Sir, I would like the present Finance Member to remember how his predecessor on account of the reckless promises made by the Government of India got into difficulties about the income-tax surcharge. I, therefore, warn him not to make any promises of that kind. This excess profits tax is a good tax and therefore no promise should be made that it will be withdrawn at the end of the war. If Government has to reduce taxation, there are many very inequitable, very wrong, taxes in this country which can be reduced and which can be removed. Therefore, I would not like the Government of India to make any promise that this tax will be withdrawn after the war.

I have great pleasure in supporting this Bill at this stage. When the budget will be introduced, we shall know how the Government of India will spend the money which is being given to them by means of this tax. My future attitude towards this Bill, when it goes to further stages, will be determined by what the Government do in their budget as regards the expenditure of the proceeds of this tax. Sir, I support this motion.

**Maulvi Abdur Rasheed Chaudhury** (Assam. Muhammadan): Mr. Deputy President, this is a measure which has created a commotion in the country. It has come so suddenly and so unexpectedly that it is working something like a bombshell. Never in recent years has any Government measure done so much harm to the country as the present measure has already done. Sir, the measure is not a new one. But the suddenness with which it has been brought has surprised many people and it has created panic in the country. If Government would have given out their intention at the proper time, then the country would have been prepared for it.

**The Honourable Sir Muhammad Zafrullah Khan** (Law Member): Would they have made no excess profits or would they have taken care to conceal the profits?

**Maulvi Abdur Rasheed Chaudhury**: Excess profits or no excess profits, I am speaking of facts. But as the Government did not notify their intention, there has been great discontent from one end of the country to the other. The result was that this had had effect. The share markets got paralysed; jute, tea and other markets felt this measure. Speculators

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middlemen and foreign purchasers took advantage and began to purchase in huge quantities at low prices. This has done great harm to the poor producers because they could not get proper price for their produce in the open market. In this way a great deal of money which should have remained in the country is going out. Chambers of Commerce, Trade Associations and other bodies are raising hue and cry. Similar measures introduced in other parts of the world have been opposed. Even in Ceylon a measure like this has been thrown out recently. But in this country this measure is going to be placed on the Statute-book.

The Honourable the Finance Member showed in his sympathetic speech the other day that this measure would not affect the poor at all. Certainly, as was expected, he has a soft corner for the poor. But whether the poor will actually be benefited by this measure remains to be seen. Of course, if it is beneficial in any way so much the better. We would thank the Honourable the Finance Member. But if we analyse the measure critically, we find that the poor producers will be hard hit. On account of the low prices, the speculators and foreign purchasers and others took advantage of the market and purchased a lot of their requirements during this period. Over and above this the Government Supply Department and other purchasers for foreign countries have been making advance contracts for these commodities, six months or one year ahead. The result is that the poor producer cannot get good price for his commodities. The contractors would say "we are not having higher prices in the near future and so we cannot increase the price for your commodities". The poor producer, as I have said cannot make arrangements for storing his stock and he will have to sell his commodities at the price dictated by the Supply Department and other foreign purchasers. So, Sir, the poor has not been left untouched by this measure.

Now, let us see what is the condition of the rich. The Honourable the Finance Member said that he has calculated, probably rightly, that about 5,000 assesses will be affected by this Excess Profits Bill. I admit that he may be correct. I submit these 5,000 people are the brain of the country on whom depends the development of the country. The country looks to them to develop the country with the resources and financial backing at their disposal. If the rich are taxed abnormally the country will look at this measure with some amount of suspicion. Let us see how much these 5,000 people will have to pay. The Honourable the Finance Member wants these 5,000 assesses to pay Government at least 50 per cent. of their profits in this period of war. Let us calculate how much they are paying now. They pay income-tax, super-tax and they will be paying Excess Profits Tax and, in my part of the country, namely, Assam, they are paying tax on agricultural incomes. Supposing a man earns two lakhs profit. First of all one lakh will be taken by the Government as Excess Profits Tax. Then, out of the remaining one lakh, the assessee will have to pay super-tax, something like ten per cent. under the existing rate. If the enhanced rate which is contemplated for income-tax and super-tax is taken into consideration, it will come to about 75 per cent. out of two lakhs as calculated by my Honourable friend, Babu Baijnath Bajoria. The Government will thus take away about 1½ lakhs and only 50 thousand will be left for the man. For India, I should say this 50,000 is not a very small amount and at the same time it is not much. The first thing to be considered is what right have the Government to take up

75 per cent. of the profits of the assessee. In the case of Assam it will be more because we have to pay agricultural income-tax. In the case of Assam it may be about 80 per cent. One has to part with 80 per cent of the profits to Government who are thus made the bigger partner in the business. If Government had helped in any way to make those profits that would be something but we find no sign of that.

[At this stage, Mr. President (The Honourable Sir Abdur Rahim) resumed the Chair.]

How will this action of Government in taking 80 per cent of the profits affect the taxpayers? These 5,000 people are the shrewdest people in the country and this will not be an encouragement to them for investment. People invest money to get something in return but the assessee will think ten times before investing money in a business, 80 per cent of the profits of which will be taken by Government. The result will be that trade and industry will suffer and money will be diverted to Government securities and loans, this raising the credit of Government. They will, of course, get money out of this tax but money is not their main object. The real object is to divert money from trade and industry to Government securities and loans to help in the prosecution of the war. Thus, they kill two birds with one stone. We remember after the last war people started different industries which failed for want of experience. This time they have experience but their resources are going to be curtailed. So this Bill has to be looked at with an eye of suspicion.

Coming now to the Bill itself, it is strange that in the Statement of Objects and Reasons, no facts and figures are given to justify the introduction of this Bill, as is usually done in the other Bills like the last Income-tax Bill. However, it has been introduced and we have to take it. There is a motion for circulation in the name of my Honourable friend, Dr. Banerjee, but, in my opinion, there is no good circulating it and the Select Committee motion is sure to go through. Whatever we may say now is only to influence the Select Committee so that we may get a little relief here and there. I will, therefore, urge a few points for the consideration of the Select Committee although many of them have been mentioned by previous speakers also, for the sake of emphasis. In the Statement of Objects and Reasons reference is made to increased expenditure by Government on defence and other services. We do not raise the question of defence now in view of the war but we have a good deal to say about the services. Before this taxation measure was introduced did Government try to effect economies by cutting the high salaries of officers?

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member should not go into that now. This is not the occasion for it.

**Maulvi Abdur Rasheed Chaudhury:** In the Statement of Objects and Reasons there are many anomalies, many of which have been explained by previous speakers.

**Mr. President** (The Honourable Sir Abdur Rahim): Then the Honourable Member need not repeat them.

**Maulvi Abdur Rasheed Chaudhury:** No, but I will emphasise them because the Select Committee will have to come to a finding. First of all,

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with reference to standard profit, I fail to see why standard profit is taken to be the profit of the years 1936, 1937 and 1938 and not 1939 or 1940.

In the Statement of Objects and Reasons it has been distinctly said that Government want to take a considerable portion of the extra income that will be made by business concerns during the period of the war. We have nothing to say about that. Let Government take it, if any extra income is made. But why should the year 1936 be taken? It was a depression year. Depression began in 1933 and went on till 1936. If 1936 is taken for standard profits, it will be very hard. Take a concern whose normal profit is 50,000 rupees but which made, during that depression year, only 20,000 rupees. If 1936 is taken as the standard year for calculating profit, then that concern will be a great loser. The profit of 1939 will be compared with the profit of 1936. The Select Committee should see that no injustice is done in this matter. I say it will be injustice even if 1938 is taken. The just thing will be to take the profit of 1940 and not even 1939.

Then the standard profit is going to be calculated differently for different concerns. Take a concern started in 1936. The profit will be calculated by taking the capital invested in it. That is unjust. In order to bring any profit not only capital is required but many other things in addition. That is another point for the Select Committee to consider.

There is also a provision that if anybody has any complaint he can appeal to a board of referees. But we have got experience of how expensive it is to bring anything to the notice of a board or even of a High Court.

**Mr. President** (The Honourable Sir Abdur Rahim) That is a matter for the Select Committee to consider. Those are all details.

**Maulvi Abdur Rasheed Chaudhury:** Therefore, the less opportunities are given to go to the board of referees the better. The Select Committee will be doing a service to the country if they look at things in such a way as to give relief in all these matters.

Another point on which none of the previous speakers has laid stress is as regards this limit of excess profits mentioned in this Bill. When the Act of 1919 was introduced the minimum was fixed at Rs 30,000. Now the minimum is fixed at Rs 20,000. I would request the Select Committee to see if they cannot go back to the former level and make it Rs 30,000 this time also.

One thing more and I have done. So far as the composition of the Select Committee is concerned, I would request the Honourable the Finance Member to take one or two more business men on the Committee. We have one or two, but I would like one or two more to be taken and they will be of considerable help to the Honourable the Finance Member, during the Select Committee discussions. With these words, Sir, I support the motion.

**The Honourable Sir Muhammad Zafrullah Khan:** Sir, from the number of Honourable Members who appear to be anxious to speak on this matter,



it is fairly certain that this debate cannot possibly be concluded this afternoon. On the other hand there is this difficulty, that the Select Committee when it is set up will have to meet during the Session, naturally, as it has to report during the Session, and will, therefore, have to find odd days and half days for its sittings; and everybody realises that this is not a matter which can be disposed of in Select Committee in half a sitting. Therefore, it is necessary that some means should be adopted to conclude this motion fairly early, and I would suggest one of two arrangements, whichever appeals more to Honourable Members—either that the House should sit late today till the debate is concluded, or if that is considered unlikely,—personally I consider that it would be unlikely—I think that the number of Honourable Members is such that it will not be possible to finish the debate by a late sitting—there should be a sitting tomorrow.

**Honourable Members:** No, no.

**The Honourable Sir Muhammad Zafrullah Khan:** Unless Honourable Members are prepared to sit late this evening, I would request that you fix tomorrow for a sitting as an official day.

**Honourable Members:** Monday

**Mr. M. A. Jinnah:** Sir, I have tried to ascertain the views of various Members of this House and I am very glad that the Leader of the House considers that his first proposal is not a practical one, namely, to sit up late till we have finished the motion today. We need not trouble about that. The only other point is whether we should sit on Saturday or Monday.

**The Honourable Sir Muhammad Zafrullah Khan:** We are sitting on Monday in any case.

**Mr. M. A. Jinnah:** I mean on this motion. We are sitting on Monday and we can go on with this motion on Monday. The question, therefore, is Saturday or Monday. I have tried to ascertain the views of Honourable Members on this side, and it is impossible to sit on Saturday, because there are various reasons—they have made their engagements and commitments and so on and really I cannot understand why the Government seem to think that this Bill should be rushed through like this. Is this House entirely at the mercy of the Government that they should lay down the time table that we should not have full discussion on a Bill of this importance?

**The Honourable Sir Muhammad Zafrullah Khan:** I never hinted that there should not be full discussion.

**Mr. M. A. Jinnah:** I quite understand that Government are anxious that this Bill should go through as quickly as possible. The real business commences in the Select Committee and that will begin after the budgetary position is exposed and that will not be until the beginning of March. The real business of the Select Committee will begin then. I quite agree that we should not be a party to undue delay. Remember that if the House had been full, this Bill would have been debated for two or three days more.

**The Honourable Sir Muhammad Zafrullah Khan:** In that case the Session would have begun earlier by a week.

**Mr. M. A. Jinnah:** Who asked the Government to cut it down? Therefore, I do think that we cannot go on. I personally am quite willing to sit tomorrow. That is speaking for myself. You must, however, consult the convenience of other people.

**Mr. M. S. Aney:** Sir, the same difficulty confronts me also. So far as personal convenience is concerned, one would not have minded it and would forego that convenience. But in view of the engagements made by other Members which they have to observe tomorrow, I cannot accept the suggestion made by the Honourable the Leader of the House that the House should sit tomorrow. Sitting late today, that is also impracticable. Therefore, the only course left is to proceed with this Bill not tomorrow but on Monday next.

**Mr. President** (The Honourable Sir Abdur Rahim): What strikes me is this. That if the Select Committee has to finish its work by the time mentioned in the Bill, then I take it that the debate on this motion must be concluded in proper time. But I have also to consider the convenience of the Members of the House generally. As the Leaders of two Groups think that it will not be convenient for them to sit tomorrow, all that I can say is this. I am prepared to sit a little bit late today and then on Monday I think Honourable Members might try to conclude the debate as soon as possible. If that meets with the wishes of the House, I am prepared to sit till six of the clock today.

**Mr. M. A. Jinnah:** On Monday I can say that this motion must be disposed of finally. There will be no question of going beyond Monday.

**Mr. President** (The Honourable Sir Abdur Rahim): I do not know whether it will suit Government Benches to sit late today.

**The Honourable Sir Muhammad Zafrullah Khan:** If Honourable Members find it inconvenient to sit tomorrow, I shall not insist upon a sitting. The trouble always is that towards the end of the Session one begins to be pressed with requests that this measure should be given up or that Bill should not be taken up and so on and that the Session should be concluded. I was only making the suggestion for the convenience of everybody. But if it does not suit the House, I am not going to press it.

**Mr. President** (The Honourable Sir Abdur Rahim): Then Honourable Members do not consider it necessary that the House should sit late today. The debate will now go on as usual.

**Sir Syed Raza Ali** (Cities of United Provinces: Muhammadan Urban): Sir, there are two outstanding features which would occur to everybody in connection with this Bill. The first point is: have the Government satisfied the House that they want money? That is question No. I. The second question is, is the method of taxation proposed in the Bill free from objection? Sir, to me it seems that the first question that I have mentioned is at least as important as the second question.

**Mr. M. S. Aney:** The first is more important.

**Sir Syed Raza Ali:** As my Honourable friend interjects, the first is even more important than the second because if the Government have failed to make out a case that they want money, there is no reason why fresh taxation should be levied and why the provisions of this Bill should be carefully considered at all. Now, let us see on the first question what is the Government's case. The Government's case is unfolded in the statement of objects and reasons. It says

"The outbreak of war, while it has necessitated greatly increased expenditure by the Government on defence and other services, has simultaneously created opportunities for the earning by companies and persons engaged in business of abnormally large profits."

The only other reference to this matter that I find in the speech of the Honourable the Finance Member made the other day was the very casual manner in which he referred to additional expenditure on defence that was necessary. Sir, that is all. We know nothing else. Can the Government say fairly and squarely in the House that they have made out a case in favour of the levy of fresh taxation? I submit, Sir, it will not be difficult, so far as I can see, for any Honourable Member of the House on this material to say, 'no, the Government have not made out any case and, therefore, it is not even necessary to send this Bill to the Select Committee.'

Now, Sir, let us see what the position is. It is a most important measure we have before us. We know that this unfortunate war is raging in Europe. We also know that England is one of the belligerents on the side of the Allies. Beyond this, we know nothing which would justify us in voting money and passing this special measure to enable the Government to raise vast sums of money. What is the Government's case? Unlike the position obtaining in the Dominions like Canada, Australia, and South Africa, the unfortunate position is that this House is not responsible for the defence policy of the Government. It is very fortunate that the Government have come out with this statement, namely, "we want additional money for defence and other services." On defence questions we are not consulted, our votes are not taken. The money ear-marked for defence purposes is spent without our advice being sought. That is the position. Fortunately for us this measure has come to us. Government say that they want this money for war purposes. So far so good. But what are your war purposes, please? What do you want this money for? What is going to be your policy? The first question that I will put is, what is going to be India's policy towards this war? The least that Honourable Members of this House expect is for the Commander-in-Chief, who though not a Member of this House has the right to address the House or for the Defence Secretary Mr. Ogilvie—I notice he is also not present here—to address the House on the requirements of war which India is expected to undertake. That is the least we expect. They ought to throw some light on their requirements. Now, I have to ask the Honourable the Finance Member one question because there is nobody else present to answer it.

May I ask the Honourable the Finance Member why he wants this money and on what object he proposes to spend it? Everything is left

[Sir Syed Raza Ali.]

to a guess. Honourable Members are required to make a guess for themselves as to why the Government want this money. Not a word specifically and definitely is told us as to what the requirements of the Government are. If we are left to guess, I can guess surely that more money in all likelihood will be required for feeding and clothing the army. I believe that every one of us can make that guess as well as the Finance Member can or the Commander-in-Chief can or the Defence Secretary can, but, besides that, do we know anything as to what the objects are on which this money is going to be spent? And if we know nothing, why should we give the money? Is there any point in voting this money to Government? I see absolutely none. There are a number of policies one of which the Government of India can adopt with reference to India's attitude towards the war. We know within the British Commonwealth of Nations there are three different sets of policies that are being pursued by various units of the Commonwealth. I am not expressing any opinion at this stage as to what policy will suit us, but I am just describing the various policies that have been adopted by the different units of the British Commonwealth of Nations. First there is the policy that has been adopted by Eire, that is, Ireland, namely, neutrality. Ireland is not a belligerent at all.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member should not go into all that. All that has no relevance to the motion before the House.

**Sir Syed Raza Ali:** Sir, I thought that it was relevant to the question, why should we give money?

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member can say that the objects are not stated and, therefore, he is not going to vote the money. But he cannot discuss the merits of the war now.

**Sir Syed Raza Ali:** That is what I am doing. We are not at all satisfied why we should give this money. What do the Government propose to do? What are the Government's requirements? What will the Government do with this money? Are they going to invest it in America? I am sure no case has been made out by Government for the incurring of additional expenditure. In fact, I do not think the Government have treated the House with that courtesy which is its due. Why should we not be told? I have not reached the second point, because, unless Government have made out a case for this money being given to them, why should we consider the second point? The second point does not arise unless the House is satisfied on the first.

**Mr. N. M. Joshi:** Social justice

**Sir Syed Raza Ali:** I will say a few words on the second question too, now that I am addressing the House, but to me it seems that the procedure that has been adopted, by Government is a strange procedure. It reminds me of putting the cart before the horse, but this is much worse than that. They say, they want money, but they do not make out a case. And,

yet unfortunately, almost every Member, if my Honourable Colleagues will allow me to say so,—almost every Member has assumed that the Government want money. Why should that assumption be made? Where is the point in that assumption? After all, they ought to prove their case. Before I leave this point and come to the second, I allow myself to make one observation and it is this. Since the defence policy of this country is not in the hands of the representatives of the people, therefore, it is all the more the duty of the Government not to act in a manner which will go to make the position worse and confirm the doubts and suspicions that sometimes—indeed more than sometimes—occur to the minds of the representatives of the people with reference to the defence policy of the Government of India. The position is that here we can exercise some control on the defence policy of the Government of India by not taking action on this Bill unless we are satisfied as to what the money is wanted for and I think we will be using our power in a perfectly constitutional manner by refusing to proceed with this Bill unless assurances are forthcoming on that point. That is the constitutional position. If this debate is going to be adjourned, after some time, and if it is going to be resumed on Monday, I think the defence authorities, whether it be His Excellency the Commander-in-Chief or the Defence Secretary, owe it to this House to come here on Monday and make out a case for additional expenditure without disclosing their detailed plans about which we do not want to make enquiries. But they should satisfy us generally that the money if voted will be spent to good purpose. I have not the least doubt that this is what the defence authorities owe to us.

I come to the second point, namely, the matter of taxation and I will say a very few words on that question. I am neither a capitalist  
4 P M nor an industrialist and there is absolutely no danger of my name being included among the list of 5,000 and odd people who are going to be taxed if this measure is placed on the Statute-book. Let us analyse briefly . . .

**Sir Cowasji Jehangir:** Have you got any shares in any company?

**Sir Syed Raza Ali:** Let us analyse the arguments on both sides.

**Sir Muhammad Yamin Khan:** What about your shares, dividends on your shares?

**Sir Syed Raza Ali:** Any more interruptions? I am waiting for more. I will now resume. The main argument in favour of the Bill, if we are assured on the first point which I consider is very, very important and on which we have been unceremoniously treated is that money should be raised by putting the burden on those shoulders that are most able to bear it. Whether that canon applies to the provisions of the Bill under discussion every Member can see for himself. Now, this much is clear that nobody will be affected by the provisions of this Bill whose income is less than Rs 20,000 a year, and I believe Rs 20,000 a year is rather a large sum for a poor unfortunate country like India.

**Sir H. P. Mody:** This is mostly for companies.

**Sir Syed Raza Ali:** Yes, that is so. It is for companies, but how many of these 5,000 proposed assesseees will be individuals, and not companies, in receipt of income exceeding Rs. 20,000 a year? Very few. Therefore, most of those in receipt of incomes more than Rs. 20,000 a year will be companies. What is the grievance? That is the point. Sir, the tendency all over the world is to tax the rich more and more. I believe the rich are taxed the least perhaps in India. If you take most of the countries of Europe, you find that there are very heavy burdens on the rich. Even so, I do not think we should be unfair to the rich, though the rich are as a rule unfair to the poor in this country. If they have any legitimate grievance under the provisions of the Bill, there is no reason why those provisions should not be modified and improved upon. I believe that the points that have been raised in favour of the industrialists are (1) that industries will have a tendency to be driven to Indian States in order to escape taxation, (2) that there will hardly be sufficient money left after the payment of the Excess Profits Tax to be devoted to the development and growth of industries, (3) that these companies and these industrialists will not be able to build up large reserve funds to meet the requirements after the war. Every big war is followed by a slump. That is quite true. The argument is that after the war when the slump comes and if there are no large reserves left most of these companies will come to grief, (4) the last point is that the rate of taxation is very high and that the minimum amount of Rs. 20,000 should be raised to Rs. 25,000 or 30,000. Now, all these four are substantial points and I am sure that if the Bill goes to the Select Committee all these points and other important points, to which reference has been made in the course of the debate by various speakers, will have to be carefully considered in the Select Committee. So far as the principle of the Bill is concerned, let me say it clearly, that if Government want money for a purpose which commands our support, I, personally, have no objection to the principle underlying the Bill. When I say that I do not mean that I am prepared to swallow the Bill, lock, stock and barrel as it stands. It can be improved and considerably improved but I do not see any objection to the principle underlying the Bill which is to tax the rich so that the burden should not fall on the shoulders of the poor or those who can pay additional taxation only with very great inconvenience to themselves and their families. In India, as in every other country, it is a case of the fight being between the haves and have-nots. In this case the have-nots have escaped for the time being but the haves insist on having what they have, which is not the right thing to do. After all, in every country the rich are being taxed. I do not think that my mentioning the case of Germany is likely to give a fright to any section of the House. I believe that in Germany rich men of the position of those who are sought to be taxed by this Bill have to pay taxes up to a limit of 80 per cent of their income. It used to be 50 per cent three years ago and now it appears to have gone up. Germany is now in the thick of the fight. Fortunately we are not.

**Pandit Krishna Kant Malaviya** (Benares and Gorakhpur Divisions - Non-Muhammadan Rural) Do you want to imitate Germany?

**Sir Syed Raza Ali:** Certainly in the matter of discipline, organisation, education and hard work. In these matters I want to imitate Germany and I want all my countrymen to follow Germany. Let us not take

fright at the mere mention of the name of Germany and Germans. That is not the right attitude to take up. In England itself people are paying more than we do here. England is in the thick of the fight. We are not. I do not know what our position towards the war is. You think, Sir, that discussion on that point cannot come within the four corners of the present Bill. If that is so, I must refrain from making further remarks. My object was simply this. I do not understand what India's position towards the war is. Are we at war in the same sense in which Canada is?

**Mr. President** (The Honourable Sir Abdur Rahim) The Honourable Member has said that already.

**Sir Syed Raza Ali:** I shall not dwell on that further. Speaking for myself my position is this. If the Government fail to satisfy us on the question that they want this money for a legitimate war purpose, I am not prepared to support this measure at all. If they give us assurances on that point, then my vote would be in favour of this motion going to the Select Committee.

**Rai Bahadur Seth Bhagchand Soni** (Ajmer-Merwara General) Sir, a Bill of this nature cannot simply be judged by the fact that Government need money for war finances on the one hand and by the taxpayers feeling that after so many lean years they would prefer not to pay a high tax as proposed in the Bill under debate on the other. Assuming that a tax on abnormal profits arising from possibilities created by war is reasonably to be expected, I would like to elucidate now its main economic implications and gauge whether its introduction is a timely one. Combining the aspects of financial needs of Government during a war and the possibilities arising out of actual economic events, I strongly feel that the business structure of the country should recover and get consolidated first before an excess profit tax is applied. A retrospect of the business ups and downs in India, the so-called trade cycles, reveals at a glance that industry and commerce in this country perhaps more than elsewhere lives on the reserves created during boom periods. Business conditions in India are really most unstable owing to a number of causes too lengthy to enumerate now. This consideration applies in general, but in particular it deserves notice that, whatsoever options are availed under clause 6(2), the new tax will always hit the weaker industries. Industries having had a sort of boom since the armaments have commenced in Europe, say, from 1936 onwards, will pay less in proportion than industries having gone through a crisis during the years immediately preceding the war. This is true apart from the fact that the former industries built up reserves prior to the war when the latter ones were living on reserves. The Statement of Objects and Reasons of this Bill states that

"The outbreak of the war has created opportunities for the earning of abnormally large profits."

I venture to point out that these abnormally large profits are being earned mainly by the primary producers and not "by companies and persons engaged in business." As regards agricultural income, the Honourable the Finance Member as well as the Economic Advisor to the Government of India have clearly stated in their broadcast speeches that it is not intended to curtail the rising income of the ryots. In any case,

[Rai Bahadur Seth Bhagchand Soni]

this is outside the scope of the Bill. Apart from professional income, these abnormal large profits refer undoubtedly to industry and commerce.

It is, I believe, known to all Honourable Members that the rise of the prices of raw materials in the course of this war is far greater than the increase of the price level of manufactured goods. In other words, there is practically no manufacturing profit at present in case of most of the industries.

It is true that industries as well as merchants made some profit on their initial stocks after the outbreak of the war, but they had to be replaced very soon by new and large stocks at a much higher price level since no business man ventures to carry on during a war without ample stocks. Consequently the losses on the high-priced large stocks at the end of the war will be most certainly greater than the windfall profits made at the initial stages of the war.

My words should not be interpreted as stating that there will be no war profits at all on the contrary, as it appears, this war may last for many years before achieving victory. I am sure that in the course of these years excess profits will be made, considerable reserves will be built up, and the business structure of the country will consolidate itself. Then, according to my humble opinion, will the time come to tax excess profits. Now, I think Government should take advantage of the low interest rates still prevailing and finance war expenditure by loans which in later years can partly be repaid by charging a tax on excess profits when such profits will have come into being.

It is evident that the sensitive markets of India have already reacted to this tax proposal and, instead of abnormal profits, abnormal losses have recently been made.

With all my appreciation of Government trying to balance the Budget, I do believe that it would be wiser to give a chance to the business structure of India to consolidate itself first and to make profits out of which special war taxes will be easily paid. The recent collapse of all markets should serve as a warning.

**Mr. N. M. Dumasia** (Nominated Non-Official) Mr. President, in every age and in every country taxation proposals are always viewed with disfavour, and if this Bill has evoked protests from industrial and commercial classes and given rise to agitation, that is only human. We are living in abnormal times. We have to concentrate our attention on the defence of the country which involves heavy expenditure. In this connection, we should not forget that His Majesty's Government have recently made a magnificent gift of thirty-three crores of rupees to India and further given a loan of eleven and a half crores of rupees without interest in order to equip India for her defence. His Majesty's Government have thus done their duty towards India in a handsome manner at an appropriate moment and India has now to do her duty and to organise her defence in an effective manner, for nobody knows what may happen tomorrow. It is, therefore, right and proper that India should adequately maintain her defence. We cannot, therefore, either in logic or equity object to the Government of India imposing a reasonable tax in the way of an Excess Profits Tax to recover from those who are benefiting by this war a contribution towards expenditure on the defence of the country.



That tax should not be oppressive or unfair. It must be remembered that this boom will not be everlasting. Depression may follow, a long period of slump may ensue, wiping out much of the gain made during the war. An opportunity must, therefore, be given to industrial concerns to husband their resources. As it is the duty of the Government to equip the country for defence, it is also their duty to protect industries and help to develop them to the fullest extent and I hope the Honourable the Finance Member will give sympathetic and favourable consideration to the criticisms that have been offered on the floor of this House as well as outside it. It is complained that Government have not placed the Members in possession of all details connected with the defence, but no Government can divulge the plan of defence. It would be highly injudicious and exceedingly indiscreet to reveal plans of defence, but the great military activities that we see all around in the country are apparent to everybody and these measures of defence must entail considerable expenditure. Nobody would or should grudge outlay.

The complicated Bill seems capable of improvement in several directions and it is satisfactory to note that the Honourable the Finance Member is alive to the fact that some of the details of the measure might be found imperfect and inappropriate to the conditions of India. We welcome his assurance that he is ready and indeed anxious to give full consideration to all points of view in the Select Committee. I hope that he will give full weight to the opinions and protests of the commercial and industrial communities of India. Many of the industrial concerns have hardly recovered from the long spell of depression and if they are to do service in the war, they should be fostered and encouraged by the Government. I would request the Honourable the Minister in charge of the Bill not to discount opinion which is fully and justly expressed. I would request him to accommodate his Bill to such an extent as will meet legitimate objections. I would like to suggest that the year 1938-39 should be taken as a period of standard profit because the years of 1935 and 1936 were not years of prosperity but of definite depression and it would be unfair to regard them as years of standard profit. These years should be eliminated and the years of 1937-38 and 1938-39 should be substituted with the right of option to the assessee to choose either of these years.

Sir, I further suggest that the chargeable accounting period should commence from the date of the outbreak of the war. It is but fair that profits made after the outbreak of the war should be subjected to Excess Profits Tax, and not profits made prior thereto. This would be in consonance with the professed object of the Bill. There is a further reason for this, inasmuch as on account of the outbreak of the war it is difficult for industries to obtain raw materials such as chemicals, bleaching powder, colour, etc. I need not dilate upon the other details of the Bill, as the Select Committee will give due attention to the several representations made by commerce and industry for modifying the existing provisions of the Bill. What India wants today is the co-operation of all classes and communities in organising the defence of India. I appeal to the Honourable Members of this House to extend their co-operation to the Government in this hour of emergency. Non-co-operation is not in the interest of the country. If we reject this Bill, as Sir H. P. Modv has said, the Government will have to certify it and I agree with Sir H. P. Modv that we should avoid that contingency.

[Mr. N. M. Dumasia.]

The defence of India is the real and vital need of the hour and it is the sacred duty of every patriotic Indian to help effectively in organising the defence of our motherland. Equally, it is the duty of the Government to nurse the natural growth of the industries of India. With all the earnestness at my command, I appeal to the Honourable the Finance Member to respect public opinion and to see that the Bill is shorn of all its objectionable features in the Select Committee. This is the first important financial measure introduced by him and I hope he will bring into full play his financial acumen which, when serving to help India to organise her defence, will satisfy the just demands of the commercial and industrial world of India. If he succeeds in securing essential modifications, I am sure he will obtain the co-operation and goodwill of every patriotic Indian in organising the defence of India and prosecuting the war to a successful end. With these remarks I support the motion for reference of the Bill to the Select Committee.

**Mr. Lalchand Nava'rai** (Sind Non-Muhammadian Rural) Sir, I rise not to support the motion for Select Committee. This is a very important Bill from the point of view of the public though the Government want to hurry it up. I hold in my hands several telegrams and representations from the public asking that the Bill should not be hurried through and that they should be given an opportunity to express their views. They maintain that this Bill operates very hard and it should be refused. It has been said in the discussion that if the Bill is rejected by the House it will be certified. I for one would not care for that. Let it be certified. Those who wish that this Bill should not be certified seem to have some object of their own in it. Perhaps they think that if this Bill is not certified, they might ask for some concession for themselves. I am not one of those who would like to follow such ways which are not straight.

**An Honourable Member:** What do you mean by "public"?

**Mr. Lalchand Navalrai:** By "public" I mean except those who have not listened to the public voice and have come here to support this Bill. So far as I am concerned, my constituency has put into my hands material to show that this Bill will work very hard on them and, therefore, it should not be referred to the Select Committee.

Now, Sir, the motion before the House is not only that the Bill be referred to the Select Committee but that there is a motion for its circulation and not many Members have addressed themselves on it. What I submit is that they should have given full consideration to that matter also. They ought to consult the public opinion first before coming to any conclusion. After all, this is a Bill for imposing a heavy tax and I still maintain that the Government should agree and the House should also agree to send it for eliciting public opinion on it. Now, there is a very strong point in favour of its circulation, namely, that it was given to the Members only a few days ago. In evidence of that fact, I might mention that one Member was not even supplied with a copy of the Bill. That only goes to show that an important Bill of this nature has come before the House without giving to the public the idea of that Bill by publishing it earlier. Now, Sir, that is not the only reason. An important Bill like this should not be considered by a House which is so thin now. It would

have been more graceful and more courteous on the part of the Government not to have brought this Bill at this moment. I know the Government would say that it is no fault of theirs if the Congress people do not come to the House at present. But the Government know that they have a reason for absenting themselves at the present moment. If Government were wise, then they should have had some regard for the public and their representatives in this country. We know that talks are actually going on between the Leaders of the Congress Party and the Government . . .

**Mr. President** (The Honourable Sir Abdur Rahim). The Honourable Member need not go into that matter. It is not relevant to the motion before the House.

**Mr. Lalchand Navalrai**: May I request the Chair to hear me. I am only submitting.

**Mr. President** (The Honourable Sir Abdur Rahim). I have heard the Honourable Member. He is referring to certain negotiations which are supposed to be going on between the Government and the Leaders of Parties. That is not relevant to the Bill before the House.

**Mr. Lalchand Navalrai**: I only say that that is all the more reason for circulating the Bill. It is just possible that they may come to certain terms and then we will have the Congress Members in the House and then the Bill can be considered fully. I am arguing on that point. I do not care whether they agree or not amongst themselves. That is a different question. My point is that that is also one of the reasons for not hurrying the Bill but for its circulation.

Then, Sir, another reason which has to be considered is this. There is a great cry in the country that this measure should not be hurried through in the manner it is proposed to be done. Of course, there will be a few chosen Members of this House in the Select Committee, but they will be very few in number. Why should not the Government elicit the opinion of the people affected by this measure? Therefore, I think this is another reason why Government should accept the proposition for circulation.

Again, ever since this Bill has been taken up, from the very first day we have been inundated with telegrams and representations; the Government have also received several representations from the various commercial bodies and others affected by this Bill. That shows the strong feeling that exists against a measure of this character and it is only fit and proper that Government should respect the public feeling outside. Sir, I have also received several telegrams and representations. I have got a telegram from my own constituency, the Buyers and Shippers Chamber of Karachi. This is an established Association and it has sent me a telegram, and I have no doubt it has also sent a similar telegram to the Honourable the Finance Member. It says that this Bill should be placed before the country after the Budgetary position of the Government is made known to the public and after the public has had an opportunity to scrutinise it. I think it is a very reasonable request, because even in this very House many Honourable Members have said that we are proceeding to enact this measure without any data. We do not know what the financial

[Mr. Lalchand Navalrai.]

position is, we do not know how much money Government want. we do not know what is the exact amount of deficit, but you merely come forward with this Bill and tell us that you want 50 per cent. of the excess profit tax. You don't tell us how you have hit upon the 50 per cent. figure. Why do you ask for a blank cheque from us? I do not know why the House should agree to sending this Bill to a Select Committee

Then, Sir, I was surprised to hear my friend, Sir Raza Ali, when he said that we do not lose anything by sending this Bill to a Select Committee. He asked—what if we admit the principle of the Bill? If we admit the principle of the Bill, then we give away our whole case, that means we agree to the levy of the tax, they may make a few changes here and there, but those modifications will not serve our purpose. If you admit the principle of the Bill subject to certain modifications you will have to pass it. Sir, if ever there was an important Bill to be circulated for public opinion, it is this. I, therefore, strongly urge that this Bill should be circulated for eliciting public opinion. Now, what do the Government want by this Bill? It is stated in the Objects and Reasons that the country is now engaged in a war and it will inevitably involve it in additional expenditure. Now, Sir, God forbid, this country is not involved in war, and let us hope that it will not be involved in war. We do not wish that any such dire calamity should befall us. It is absolutely wrong to say that the country is involved in war, and, therefore, there is no justification for the Government to come here and ask for money by means of a measure like this. Of course, if there is war and if the country is involved in it, the Government will require additional expenditure, but since there is no war, I don't see why we should agree to give more money to the Government. The Government of India must cut their coat according to the cloth. Many methods of retrenchments have been advocated from time to time in this House, and if all those methods are adopted, there will be no need whatever for raising money in this manner. Of course, owing to the present European situation anything might happen here also, and the Government will have to strengthen their defences in India, but we have already been saying for the defence of India. If they prepare their budget properly and adopt all the recommendations which have been made by us on the floor of this House, there will be no need whatever for raising more money in this manner. The 50 per cent tax that they are asking for must be justified.

Then, Sir, it is said that the measure is not premature. I submit it is very premature. In the first place, as I have shown, there is no need for it. If they want it in anticipation of expenditure, they must prove it, which they have not done. They have also not shown what they have actually spent in anticipation of sanction. So I submit no case has been made out for this Bill.

It was also said today that the prices have gone up enormously and people have made huge profits at the expense of the poor people. My Honourable friend, Sir Yamin Khan, said, he had to pay twice the price for a certain article. That is absolutely correct. But it is the Government who were responsible for it. When the prices began to rise the country wanted some control but Government turned a deaf ear to it. Now they want 50 per cent of the profits made by these people. So it is the poor consumers who will have to pay it and there would be some

justification for the tax if the proceeds were given back to the poor consumers.

**Dr. Sir Ziauddin Ahmad** (United Provinces Southern Divisions Non-Muhammadian Rural): Will it satisfy the Honourable Member if it is given to the taxpayers?

**Mr. Lalchand Navalrai**: It should be returned to the poor people rather than to the taxpayers. The point is that there is no justification in not controlling the prices and then demanding 50 per cent. of the profits.

Therefore, this Bill should be considered by commercial and industrial people and by the consumers and agriculturists and the whole country.

Then, Sir, I come to a constitutional point. This Excess Profits Tax, by whatever name it may be called, is to be levied as a tax on income, and under section 138 of the Government of India Act, as modified by the Niemeyer Award and the Order in Council, 50 per cent. of the income-tax is to go to the provinces. As this is also going to be a tax on income, are the Government of India going to give half of this 50 per cent. Excess Profits Tax to the provinces? If they do not it will be constitutionally wrong, unjust, and illegal. Only a manoeuvre has been done to make it legal. That is the second constitutional point. This Bill has come in after the Excess Profit Tax Act has been passed in England. According to the Government of India Act the Governor General has power to levy taxes. Why have they not done it under the Act of 1935 if they want to levy this Excess Profits Tax also? What has happened is this. This Bill followed an announcement that His Majesty's Government had inserted in clause 1 of the Government of India Act and Burma Miscellaneous Amendments Bill a proviso to enable the Government of India if they so desired to introduce an Excess Profits Tax such as that introduced in England. The necessity for the amendment does not appear to be clear. The Government of India in their powers under the Taxes on Income as included in the federal list must be held to possess sufficient rights to levy such taxes. Tax on income must include taxes on excess profits. Therefore, I submit, this is being done unconstitutionally. When the country has cried hoarse that the Government of India Act is not suitable and should be amended, this should not have been done. When they had these powers under the Act of 1935, what did they do? Did they exercise those powers? Why not? Why should they follow Britain? Because Britain is involved in a war, we are not involved in the war. If the main ground in England is that they are engaged in a war there and they wanted money for that purpose, it cannot be the same here. If the money was wanted for any purpose the Government of India had power to get it in exercise of the powers of the Governor General. I, therefore, submit, this constitutional point, and from this point of view this Bill ought not to be sent to the Select Committee: Now, I find. . .

**Mr. President** (The Honourable Sir Abdur Rahim): Does the Honourable Member wish to conclude his speech today?

**Mr. Lalchand Navalrai**: No, Sir.

The Assembly then adjourned till Eleven of the Clock on Monday, the 12th February, 1940.



# LEGISLATIVE ASSEMBLY.

*Monday, 12th February, 1940.*

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. President (The Honourable Sir Abdur Rahim) in the Chair.

## MEMBER SWORN.

Raja Devaki Nandan Prasad Singh, M.L.A. (Nominated Non-Official).

## STARRED QUESTIONS AND ANSWERS.

### (a) ORAL ANSWERS.

#### CREATION OF AND RECRUITMENT OF STAFF IN THE DEFENCE CO-ORDINATION AND SUPPLY DEPARTMENTS.

57 \***Mr. Lalchand Navalrai:** (a) Will the Honourable the Leader of the House be pleased to state if, in consequence of war, the Defence Co-ordination Department and the Department of Supply have been set up by Government?

(b) What are their functions, and who are placed at the head of these Departments?

(c) Is it a fact that these Departments and the Indian Stores Department recruit officers and subordinates direct and not through the Federal Public Service Commission? If so, why the usual procedure of making appointments through the Federal Public Service Commission has been departed from?

(d) Is the recruitment done by any Committee, or by a single officer, and is it made from amongst the officers and subordinates of departments of the Government of India, or direct from outside including retired officers and subordinates?

(e) Is it a fact that the selected persons are being given much higher salaries than the usual scales of pay prescribed for such posts, and, instead of the lower grade, they are being given at once the higher grade of the scale provided for such appointments? If so, why, and on what principle is such procedure allowed to be followed in Government services?

(f) What steps do Government propose to take to have the recruitment done in the usual manner and through the usual channels? If none, why not?

**The Honourable Sir Muhammad Zafrullah Khan:** (a) The Defence Co-ordination Department was created in January, 1939, i.e., before the war.

The Department of Supply has been set up in consequence of the war

(b) The main functions of the Defence Co-ordination Department in war time are the co-ordination of civil action in war time, emergency war legislation, supply of man power, etc.

The function of the Department of Supply is the provision of supplies essential for the prosecution of the war.

The Defence Co-ordination Department is under the direct supervision of His Excellency the Governor General. The Supply Department has been added to the portfolio of the Honourable the Law Member.

(c) and (f) Recruitment of secretariat officers in the Departments of the Government of India is not made through the Federal Public Service Commission. The work of other officers in the Department of Supply is largely technical requiring special training and experience, and recruitment is made from whatever source the most suitable men can be obtained.

No change has been made in the ordinary method of recruitment to the permanent cadre of the Indian Stores Department, but for additional temporary appointments due to war supply work, the cost of which is debited to the Department of Supply, the same considerations apply as to appointments under the Department of Supply.

As regards the subordinate staff, the Defence Co-ordination Department and the Department of Supply have, for administrative reasons, been exempted from the Home Department rules regarding the making of appointments through the Federal Public Service Commission. Government do not propose to make any change in this procedure which has proved satisfactory. The Defence Co-ordination is a small Department dealing with secret and specialised work, while the Department of Supply is a purely temporary war organisation in which the uncertainty of the duration of the posts and the necessity of making recruitment at very short notice make the normal methods of recruitment unsuitable.

(d) In the Defence Co-ordination Department appointments are made under the orders of the competent authority having due regard to the requirements of each individual case.

In the case of the Department of Supply, recruitment is carried out with the assistance of a Departmental Committee. Recruitment is made from whatever source is considered most suitable and may be from business firms, retired, or serving personnel of other Departments, or from new entrants.

(e) The reply to the first part of the question is in the negative. In so far as the work to be done is comparable with that to be done in other departments, the ordinary scales are being followed, and no promotion is being given to staff merely because of transfer in the same grade from other departments.

**Mr. Lalchand Navalrai:** May I know what difficulties would have arisen if this Department had been under the Governor General in Council?

**The Honourable Sir Muhammad Zafrullah Khan:** There are two Departments to which the question relates. I do not know which Department the Honourable Member means.

**Mr. Lalchand Navalrai:** I understood the Honourable Member to say that the Co-ordination and Supply Departments are under the Governor General direct. My question is, what difficulties would have arisen if these Departments had also been in charge of the Governor General in Council, that is to say, the Central Government?



**The Honourable Sir Muhammad Zafrullah Khan:** There are several Departments of the Government of India, some of which are in charge of Members of Council, and some of which are in charge of the Governor General, they are all Departments of the Government of India?

**Mr. Lalchand Navalrai:** My point is what was the special nature of the work which necessitated this Department being taken charge of by the Governor General and not by the Governor General in Council?

**The Honourable Sir Muhammad Zafrullah Khan:** In that sense the Governor General and the Governor General in Council are not to be distinguished from each other. The Governor General himself is also a part of his own Council and is in charge of some of the Departments of the Government of India which are not in charge of Members of Council. What is the distinction that the Honourable Member is seeking to draw?

**Mr. Lalchand Navalrai:** The Honourable Member knows that there are certain functions which are performed by the Governor General, and the others by the Governor General in Council. Those functions which are performed by the Governor General are not interfered with by the Governor General in Council; in other words, the Central Government. That is my point.

**The Honourable Sir Muhammad Zafrullah Khan:** There are, as Honourable Members are aware, several Departments,—for instance, the External Affairs Department, which is a Department of the Government of India, and the Governor General as part of the Government of India is in charge of that Department as a Member would be in charge of some other Department. In the same way, the Defence Co-ordination Department is in charge of the Governor General as part of the Government of India, not as Governor General at his discretion outside the Government of India.

**Mr. Lalchand Navalrai:** May I know if the Governor General interferes with the actions of the Governor General in Council?

**The Honourable Sir Muhammad Zafrullah Khan:** That the Honourable Member is not entitled to ask.

**Mr. F. E. James:** With reference to the answer to part (e) of the question, may I know whether that answer applies to all posts in the Supply Department?

**The Honourable Sir Muhammad Zafrullah Khan:** Meaning thereby whether anybody has been given more than he was drawing before?

**Mr. F. E. James:** I understood the Honourable Member to say that no persons were given higher salaries than the salaries attached to posts. Supposing posts are new posts and the scales of pay for new posts are higher than the salaries which the officers had previously been drawing . ?

**The Honourable Sir Muhammad Zafrullah Khan:** If the Honourable Member has anything specific in mind, he had better put down a question to that effect. My general reply was that in so far as the work to be done is comparable with that to be done in other Departments, the ordinary scales are being followed.

**Dr. Sir Ziauddin Ahmad:** What about the Deputy Director in the Supply Department?

**The Honourable Sir Muhammad Zafrullah Khan:** What about him?

**Dr. Sir Ziauddin Ahmad:** With reference to part (e) of the question, the Honourable Member said that persons are not given a higher salary than they were getting before. My point is what about the Deputy Director of Administration, who has been given a salary very much higher than he was getting before?

**The Honourable Sir Muhammad Zafrullah Khan:** Who is the Deputy Director of Administration?

**Dr. Sir Ziauddin Ahmad:** The Honourable Member in reply to certain questions said that people are not given salaries higher than they were getting before, and I pointed out a particular case. Then, his reply was that it was a question of administration . . . . .

**The Honourable Sir Muhammad Zafrullah Khan:** When did I say that something was a question of administration. I wanted to know which particular officer the Honourable Member was referring to. He has not yet specified the name of the Officer

**Dr. Sir Ziauddin Ahmad:** The Deputy Director of Administration

**The Honourable Sir Muhammad Zafrullah Khan:** I do not know whether there is any such post

**Mr. N. M. Joshi:** May I know, Sir, whether or not it is a fact that a man getting Rs. 100 somewhere has been appointed on Rs. 1,500, and if he is not Deputy Director, he may be the Assistant Director of Administration, but there is certainly a great deal of talk in Delhi that a gentleman who was earning Rs. 100 a month has been appointed on Rs. 1,500 in this Department.

**The Honourable Sir Muhammad Zafrullah Khan:** Why not put down a specific question. I have not the faintest notion whom the Honourable Member is referring to, I can't say whether a man was getting Rs. 100 and is now getting Rs. 1,500, but I should consider it extremely unlikely.

**Mr. Lalchand Navalrai:** May I know if these temporary appointments are made by direct recruitment or by promotion from the ordinary officers of the Government of India?

**The Honourable Sir Muhammad Zafrullah Khan:** I have given a very detailed reply to that already.

#### POSITION RELATING TO THE TREATMENT OF INDIANS IN CEYLON.

**58. \*Mr. F. E. James:** Will the Secretary for Education, Health and Lands be pleased to make a statement as to recent developments and the present position relating to the treatment of Indians in Ceylon, and the prohibition by the Government of India of emigration to that country?

**Sir Girja Shankar Bajpai:** The attention of the Honourable Member is invited to this Department communique, dated the 13th December, 1939. No developments have taken place since then.

**Mr. Lalchand Navalrai:** May I know if there is any prohibition by the Government of India against Ceylonese immigrating here?

**Sir Girja Shankar Bajpai:** There is no immigration restriction on Ceylonese coming into this country.

**Mr. Lalchand Navalrai:** Then, why there should be any for Indians going over there?

**Sir Girja Shankar Bajpai:** The Ceylonese have not imposed any immigration restrictions on Indians going there. It is the Government of India who have put a ban on emigrant labour.

**DR. GREGORY'S MEMORANDUM RELATING TO THE CONTROL OF PRICES.**

**59. \*Mr. F. E. James:** Will the Honourable Member for Commerce and Labour be pleased to state

(a) whether copies of Dr Gregory's memorandum to the Government of India relating to the control of prices will be supplied to members of the Central Legislative Assembly, and

(b) what conclusions, if any, were reached at the recent conference with representatives of Provincial Governments relating to control of prices?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** (a) Copies of the Memorandum are available in the Library of the House. Should any Honourable Member desire to have a copy for himself, I shall be glad to arrange for its supply.

(b) I would invite the attention of the Honourable Member to the answer given in respect of the second Price Control Conference to parts (a) and (b) of starred question No. 22 by Dr. Sir Ziauddin Ahmad on the 7th February, 1940.

**Mr. F. E. James:** With reference to the answer to part (a) of the question, would the Honourable Member consider the advisability of making this Memorandum a public document, so that it may be available to any who may care to buy a copy of it?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** It is a public document, but we have not yet put a price on it. I shall consider the suggestion.

**Mr. N. M. Joshi:** May I ask whether this document will be circulated to Members without putting them to the trouble of writing to the Honourable Member?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** If there is a general desire expressed to that effect, I shall consider it.

**Mr. M. S. Aney:** Will not the Honourable Member take it as the general desire of the House if Mr. Joshi says so?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** I did not know that Mr. Joshi was expressing the general desire.

#### COLLISION OF A MAN-OF-WAR WITH A CARGO STEAMER NEAR KARACHI.

**60. \*Mr. Lalchand Navalrai:** (a) Will the Honourable Member for Commerce be pleased to state if he is aware that "His Majesty's *Badravati*", a man-of-war, on patrol duty and a cargo steamer of the B. I. Company came into collision about ten miles off Karachi and the cargo boat was damaged?

(b) Is the Honourable Member also aware that last year 'Bandra Boat' came into collision with a Bunder boat in the Karachi harbour?

(c) If the answers to above two parts be in affirmative, will the Honourable Member be pleased to state, what precautions are necessary to avert such collisions and what arrangements have the Port Trust made to avoid such collisions?

(d) Have the Port Trust made any more arrangements providing further precautions in Karachi harbour after the *Bandra Boat* accident in which the lives of five young collegians were lost? If so, what?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** (a) and (b) Yes

(c) and (d) The precautions to be observed for preventing collisions at sea are prescribed by the Collision Regulations made under the Merchant Shipping Act, 1894, and the Rules of the Port of Karachi make provision for further precautions to be observed by vessels within the harbour area. Certain proposals for amending the latter Rules in order to minimise the risk of accidents like the collision which took place in the Karachi Harbour between the S S "*Bandra*" and a passenger boat have been submitted by the Port Trust Board and are now under the consideration of Government. I may, however, add, that with the outbreak of the war, the harbour has been placed under naval control and the Naval authorities in charge see to it that all necessary precautions to avoid accidents are taken.

#### TEMPORARY PERSONS IN THE CENTRAL PUBLIC WORKS DEPARTMENT.

**61. \*Dr. Sir Ziauddin Ahmad:** (a) Will the Honourable the Commerce Member be pleased to lay on the table a list of persons of the Central Public Works Department drawing a salary of Rs. 50 or more and who have been acting temporarily for a period of over three years without being confirmed?

(b) What are the reasons for not confirming persons holding such temporary appointments?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** (a) A list is placed on the table

(b) These persons were recruited on a purely temporary basis in connection with the re-opening of the New Capital Project and execution of

the Central Capital Programme of Civil Aviation Works. Under paragraph 11 of the Central Public Works Department Code their engagement lasts only for the period during which the work lasts, and the question of their confirmation, therefore, does not arise. The claims of temporary subordinates and clerks are duly considered when posts of a permanent nature are created, or fall vacant.

*List of persons of the Central Public Works Department drawing a Salary of Rs. 50 or more and who have been acting temporarily for a period of over three years without being confirmed.*

Name.	Designation.	Length of service on 1st February, 1940.
		Y. M. Days.
1. Mr. T. H. Dixon . . . .	Temporary Engineer .	6 0 17
2. Mr. H. R. M. Anderson . . . .	Do. . . .	4 9 3
<i>Subordinates.</i>		
3. Mr. Manzoor Ali . . . . .	Temporary Subordinate	6 4 21
4. Mr. Sunder Das . . . . .	Do. . . .	6 2 18
5. Mr. D. P. Mittal . . . . .	Do. . . .	5 10 25
6. Mr. Shanti Sarup . . . . .	Do. . . .	5 6 0
7. Mr. Sarjit Singh . . . . .	Do. . . .	5 4 15
8. Mr. Harbans Sarup . . . . .	Do. . . .	5 2 24
9. Mr. Hari Mittar . . . . .	Do. . . .	5 2 0
10. Mr. Abdul Ghani . . . . .	Do. . . .	4 11 24
11. Mr. Nihal Chand Sharma . . . . .	Do. . . .	4 10 17
12. Mr. A. M. Quadri . . . . .	Do. . . .	4 9 15
13. Mr. Shiv Shanker Mathur . . . . .	Do. . . .	4 4 22
14. Mr. Lekh Haj . . . . .	Do. . . .	4 4 2
15. Mr. J. L. Sachar . . . . .	Do. . . .	4 2 0
16. Mr. Mohd. Agha Hadi . . . . .	Do. . . .	4 1 0
17. Mr. K. K. Chawl . . . . .	Do. . . .	4 0 16
18. Mr. Amrithalingham . . . . .	Do. . . .	4 0 19
19. Mr. C. D. Kapur . . . . .	Do. . . .	3 11 26
20. Mr. Harkishan Singh . . . . .	Do. . . .	3 8 0
21. Mr. Atma Singh . . . . .	Do. . . .	3 7 20
22. Mr. A. S. Mangal . . . . .	Do. . . .	3 6 7

Name.	Designation.	Length of service on 1st February, 1940.
<i>Subordinates—contd.</i>		<b>Y. M. Days.</b>
23. Mr. Jagdeo Singh . . . . .	Temporary Subordinate	3 2 13
24. Mr. T. S. Sodhi . . . . .	Do. . . . .	3 3 15
25. Mr. Dalip Chand . . . . .	Do. . . . .	3 1 23
26. Mr. Ram Narain . . . . .	Do. . . . .	3 1 13
27. Mr. Kishan Singh . . . . .	Do. . . . .	3 1 29
<i>Electrical and Mechanical Subordinates.</i>		
28. Mr. Devinder Singh . . . . .	Temporary Mech. Sub-ordinate.	5 2 8
29. Mr. R. P. Sareen . . . . .	Temporary Elec. Sub-ordinate.	3 6 27
30. Mr. Dilbar Hussain . . . . .	Do. . . . .	3 1 7
31. Mr. A. J. Raju . . . . .	Do. . . . .	3 0 29
32. Mr. H. L. Datt . . . . .	Do. . . . .	3 0 12
<i>Clerical Establishment (Central Office).</i>		
33. Mr. Lal Chand . . . . .	Temporary Superintendent.	4 11 18
34. Mr. Laxmi Datt Bhatt . . . . .	Temporary Assistant	4 3 1
35. Mr. Labhu Ram . . . . .	Do. . . . .	3 8 28
36. Mr. Mohd. Ashraf . . . . .	Do. . . . .	3 8 28
37. Mr. Raj Narain . . . . .	Do. . . . .	3 8 28
38. Mr. K. K. Sinha . . . . .	Do. . . . .	3 3 26
39. Mr. Mohd. Umar . . . . .	Do. . . . .	3 3 26
40. Mr. Maharaj Kishan . . . . .	Do. . . . .	3 3 26
41. Mr. Brij Bhushan Lal . . . . .	Do. . . . .	3 0 0
42. Mr. Gurdev Saran . . . . .	Officiating Clerk	4 2 28
43. Mr. S. N. Tiagi . . . . .	Do. . . . .	3 10 18
44. Mr. Trilok Chand . . . . .	Do. . . . .	4 0 22
<i>Clerical Establishment (Divisional Offices).</i>		
45. Mr. Sampson P. Dass . . . . .	Clerk . . . . .	3 8 20
46. Mr. Mul Raj Sharma . . . . .	Do. . . . .	5 3 0
47. Mr. Mohd. Essa . . . . .	Do. . . . .	4 9 0

Name.	Designation.	Length of Service on 1st February, 1940.
<i>Clerical Establishment (Divisional Offices)—contd.</i>		Y. M. Days.
48. Mr. G. D. Sharma . . . . .	Clerk . . . . .	4 7 0
49. Mr. Abas Bandyo Padhaya . . . . .	Do. . . . .	4 6 0
50. Mr. R. H. Joffery] . . . . .	Do. . . . .	4 1 0
51. Mr. Ahmad Hussain . . . . .	Do. . . . .	3 11 0
52. Mr. Sugoo Mal . . . . .	Do. . . . .	3 10 0
55. Mr. Mohan Lal . . . . .	Do . . . . .	3 8 0
54. Mr. D. K. Sule . . . . .	Do. . . . .	3 5 0
55. Mr S I A. Mullick . . . . .	Do. . . . .	3 3 0
56. Mr R. G Vaidya . . . . .	Do. . . . .	3 0 0
57. Mr Hardit Singh Hazuria . . . . .	Accounts Clerk . . . . .	3 6 0
58. Mr. Hari Singh . . . . .	Do. . . . .	6 7 0
59. Mr M. S. Bhatnagar . . . . .	Do. . . . .	6 0 0
60. Mr. Mata Sahai . . . . .	Do. . . . .	5 8 0
61. Mr. K. C. Mazumdar . . . . .	Do . . . . .	5 5 0
62. Mr A. N. Mukharji . . . . .	Do. . . . .	4 7 0
63. Mr. Brahma Nand . . . . .	Do. . . . .	3 6 0
64. Mr. E Buddan . . . . .	Do. . . . .	3 0 0
65. Qazi Mohd. Akram . . . . .	Do. . . . .	3 9 0
66. Mr. R J. Bhutani . . . . .	Head Clerk . . . . .	4 6 0
67. Mr Anwar Uddin Siddiqi . . . . .	Do. . . . .	4 4 0
<i>Drawing Establishment (Central Office).</i>		
68. Mr. D. A. Hands . . . . .	Senior Draftsman . . . . .	4 7 22
69. Mr. J. D. Shastri . . . . .	Do. . . . .	3 7 6
70. Mr. S. P. Satsangi . . . . .	Do. . . . .	3 6 17
71. Mr. Kamaluddin . . . . .	Second Draftsman . . . . .	6 5 26
72. Mr. Iqbal Mohd. . . . .	Do. . . . .	6 5 11
73. Mr Jugal Kishore . . . . .	Do. . . . .	6 3 28
74. Mr. Yunus Mirza . . . . .	Draftsman Tracer . . . . .	4 11 7
75. Mr. Ram Sahai . . . . .	Computer . . . . .	4 10 21

Names.	Designation.	Length of Service on 1st February, 1940.
<i>Drawing Establishment (Central Office)—contd.</i>		Y. M. Days.
76. Mr. Ram Gopal . . . . .	Computer . . . . .	4 9 25
77. Mr. Mohd. Naim . . . . .	Do. . . . .	3 8 10
78. Mr. C. U. Rama Menon . . . . .	Do. . . . .	3 7 24
<i>(Divisional Offices).</i>		
79. Mr. Mohan Lal . . . . .	Draftsman . . . . .	6 11 0
80. Mr. Akhlaq Ahmad . . . . .	Do. . . . .	5 7 6
81. Mr. Jamil Ahmad . . . . .	Do. . . . .	6 0 0
82. Mr. Banke Behari Lal . . . . .	Do. . . . .	5 10 3
83. Mr. Jagir Singh . . . . .	Do. . . . .	5 10 3
84. Mr. Abdul Rahman . . . . .	Do. . . . .	4 9 6
85. Mr. Gulzara Singh . . . . .	Do. . . . .	4 6 22
86. Mr. K. P. Mukerjee . . . . .	Do. . . . .	4 6 21
87. Mr. Prem Chand . . . . .	Do. . . . .	4 6 15
88. Mr. Walaiti Singh . . . . .	Do. . . . .	4 6 13
89. Mr. H. C. Chosh . . . . .	Do. . . . .	4 6 13
90. Mr. Anwar Beg . . . . .	Do. . . . .	4 6 0
91. Mr. Parmatma Kishore . . . . .	Do. . . . .	3 6 8
92. Mr. Rafiuzzaman . . . . .	Do. . . . .	3 5 0

**Dr. Sir Ziauddin Ahmad:** May I ask whether these persons who are engaged in connection with the works in New Delhi—I suppose the works in New Delhi will go on indefinitely and these persons also will remain temporarily for an indefinite period?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** Not necessarily.

**Dr. Sir Ziauddin Ahmad:** Then, am I correct in drawing the inference that the works in New Delhi will come to an end, so that these people will have no work to do?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** The question of temporary staff has always been a difficulty with reference to Public Works Departments anywhere, whether in the provinces or in the



Centre. If a certain work is taken as a piece work, then a temporary staff has necessarily to be appointed. All that we can do is to absorb them gradually as permanent vacancies arise.

**Dr. Sir Ziauddin Ahmad:** Can the Honourable Member point to any particular work for which they were engaged and which has been continuing for over three years—any particular building or any particular work?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** That depends on the nature of the work that is undertaken, but all that I can say is that it is not such a work as to justify a permanent increase in the cadre.

#### BLOC GRANT TO THE DELHI UNIVERSITY.

**62. \*Dr. Sir Ziauddin Ahmad:** (a) Will the Secretary for Education, Health and Lands be pleased to state whether they are contemplating to give any bloc grant to the Delhi University for the removal of colleges to the new site?

(b) If so, what is the amount and in what way do they propose to spend it?

**Sir Girja Shankar Bajpai:** (a) and (b) The state of their finances permitting, and subject to the vote of the Legislative Assembly, the Government of India propose to make a grant, not exceeding Rs 5 lakhs, during the next five years to the Delhi University with a view to assisting its constituent colleges to move to the University site. The distribution of the grant has not yet been settled.

**Dr. Sir Ziauddin Ahmad:** Is it five lakhs of rupees a year or is it for five years?

**Sir Girja Shankar Bajpai:** A total of five lakhs of rupees spread over a period of five years.

**Mr. President** (The Honourable Sir Abdur Rahim) Question No. 63.

**The Honourable Sir Muhammad Zafrullah Khan:** Before I go on to answer this question, may I, with your permission, add this to the reply I gave to the Honourable Member's supplementary question on No 57, that I should like to make sure about the appointment he referred to. Will the Honourable Member send me particulars so that I can look into the thing.

#### WITHDRAWAL OF INDIA FROM THE MEMBERSHIP OF THE LEAGUE OF NATIONS.

**63. \*Dr. Sir Ziauddin Ahmad:** (a) Will the Honourable the Leader of the House be pleased to mention the names of the persons who were appointed as delegates on behalf of India to attend the meetings of the League of Nations this year?

(b) Did the Indian representatives attend the meeting? If so, did they submit any report to Government?

(c) Does the Government of India propose to withdraw from the League of Nations as a protest for its inability to protect the smaller countries from the attacks of more powerful nations?

(d) Do Government propose to give any reason in justification of the continuance of their membership and the financial contribution to the League of Nations?

**The Honourable Sir Muhammad Zafrullah Khan:** (a) and (b). The delegates appointed to represent India at the session of the Assembly of the League which would ordinarily have been held in September were Sir Sultan Ahmed, the Honourable Mr. Manohar Lal and Raja Hari-kishen Kaul, with Mr. W D Croft as a substitute delegate. Owing to the international situation the session was postponed and the session with a greatly curtailed agenda, at which I represented India, was held in December. A report will be submitted in due course.

(c) No.

(d) I have nothing to add to a large number of previous replies on this subject.

#### PRICE OF SUGAR.

**64. \*Dr. Sir Ziauddin Ahmad:** (a) Will the Honourable the Commerce Member please state what is now the factory price of sugar?

(b) What is the fair selling price allowed by the Tariff Board on sugar?

(c) Who gets the benefit of the higher prices which the consumers have to pay?

(d) Are Government aware that the prices now fixed are fixed by the Sugar Syndicate formed by the combination of sugar manufacturers?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** (a) The price of sugar ranged between Rs. 12/2/- to 12/6/- per maund during the week ending 3rd February, 1940.

(b) Rs. 9/3, 3 per maund including the excise duty, with cane at 5½ annas per maund.

(c) It depends on the circumstances of the case. In provinces where a minimum price is fixed for sugar-cane, the greater part of the benefit of higher prices goes to cane growers.

(d) The Indian Sugar Syndicate is an association of sugar manufacturers and it is obligatory for all sugar factories in the United Provinces and Bihar to become its members. It exercises control over only some three-fourths of the factory sugar produced in India. It fixes the prices at which member factories may sell their sugar and also their delivery quotas, it is empowered to impose penalties if sugar is sold at rates lower than those fixed or if quotas are delivered in excess of those fixed by it.

**Dr. Sir Ziauddin Ahmad:** Is the Honourable Member aware of the recommendation of the Fiscal Commission of 1921 where they warn the Government of India to safeguard the interests of the consumers against combines in the case of protected industries?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** I am quite aware of those recommendations.

**Dr. Sir Ziauddin Ahmad:** Has he taken any action to protect the consumers against such combines with reference to this particular question of sugar, as recommended by the Fiscal Commission?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** I have considered the recommendation of the Fiscal Commission with reference to sugar, and I do not consider that a case has arisen to consider that recommendation with reference to the prices now prevailing.

**Dr. Sir Ziauddin Ahmad:** Is the Honourable Member aware of the action of the Local Governments regulating the prices of sugar-cane based on the price of sugar, which practically means that the money goes from the pockets of the consumer.....

**Mr. President** (The Honourable Sir Abdur Rahim) The Honourable Member is arguing. Next question.

#### ARTIFICIAL RAISING OF SELLING PRICES BY SYSTEM OF COMBINES.

**65. \*Dr. Sir Ziauddin Ahmad:** (a) Will the Honourable the Commerce Member please state whether the Fiscal Commission of 1921 or any of the Tariff Boards, discussed the problem raising the selling prices artificially by the system of combines?

(b) What remedies, if any, did the Fiscal Commission or the Tariff Board suggest?

(c) If no suggestion has been made, what steps do Government now propose to take to protect the interests of the consumers?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** (a) and (b). The attention of the Honourable Member is invited to paragraph 83 and 86 of the Report of the Indian Fiscal Commission, Chapter VI of the Minority Report of the Tariff Board regarding the grant of protection to the Oil Industry and paragraphs 19—22 and 114-115 of their Report on the Iron and Steel Industry.

(c) Does not arise.

†66\*.

#### APPOINTMENT OF A CARETAKER FOR THE NEW DELHI SECRETARIAT AND COUNCIL HOUSE.

**†67. \*Sardar Sant Singh:** (a) Is the Honourable Member for Labour aware that a post of a care-taker for the New Delhi Secretariat and Assembly Building has recently been advertised?

(b) Is he aware that in replies to starred questions Nos 1357—1359 on the 18th November, 1931, an undertaking was given that, in filling up new appointments Indians will be appointed, and will he please state whether Government are now going to fulfil that promise?

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† This question has been postponed to be answered on the 24th February, 1940.

† Answer to this question laid on the table, the questioner being absent.

(c) Is he also aware that attempts are now being made to fill the present vacancy by an Anglo-Indian or a European again overlooking the claims of those Indians who are already in service?

(d) Is he also aware that uptil now out of five caretakers' posts under the Central Public Works Department at Delhi and Simla, two have been held by Anglo-Indians or Europeans and two by Hindus and one by a Muhammadan and there has never been a Sikh caretaker?

(e) What are the reasons for which the claims of the Sikh minority community have hitherto been ignored, and what does the Honourable Member propose to do to safeguard their interest?

(f) Is the Honourable Member prepared to see that the present vacancy is reserved for a Sikh in order to give this minority community its due share on the cadre of caretakers? If not, why not?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** (a) Yes.

(b) No such undertaking was given in reply to the starred questions referred to by the Honourable Member.

(c) No. The post has been advertised in the Press and the appointment will be made on merit.

(d) Yes.

(e) The assumption that the claims of members of the Sikh community have been ignored is incorrect. Selections are made on the basis of merit, and due consideration is given to the claim of applicants of all communities.

(f) Government regret that they cannot reserve the present vacancy for a member of any particular community.

#### IMPROVEMENTS IN GOVERNMENT QUARTERS IN NEW DELHI.

†68. \*Sardar Sant Singh: Will the Honourable Member for Labour please state:

(a) what estimates have been made by the Central Public Works Department for the amounts to be spent for effecting improvements in the Government quarters at New Delhi meant for (i) officers, and (ii) ministerial establishment drawing less than Rs 600 per mensem, respectively; and

(b) what improvements are proposed to be made in each type of quarters to make them comfortable for summer residence, and why the ministerial establishment is being treated differently in this respect?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** (a) and (b). A statement showing the proposed improvements and the estimated cost is laid on the table. The difference is due to the differing needs of the two types of residences.

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†Answer to this question laid on the table, the questioner being absent.

*Statement showing the improvements, together with their estimated costs, to be effected in Government quarters in New Delhi.*

Serial No.	Officers.		Ministerial Establishment.	
	Name of the work.	Amount.	Name of the work.	Amount.
		Rs.		Rs.
1	Khas Khas tatties .	30,000	Provision of Khas Khas tatties in clerks' quarters.	33,000
2	Wire gauze doors and windows.	1,82,000	Provision of wire gauze doors and windows to the Kitchens of the orthodox clerks' quarters.	67,000
3	Roof conditioning .	20,000		
4	Refrigerators . .	1,00,000		
5			Installation of shower baths in 'A', 'B', 'C' and 'D' type of quarters.	17,000
6			Purchase of table fans . . .	25,000
7			Installation of a plug point for table fan in one of the verandahs in all the quarters.	15,000
8			Roofing of the open court in the centre of 970 'D' class orthodox clerks' quarters.	1,40,000
9			Brick floors to courtyards of 'D' and 'E' orthodox clerks' quarters.	35,700
10			Construction of a block of two kitchens just behind the 'B' class unorthodox clerks' quarters.	35,600
11			Provision of hedges in front of 'A', 'B' and 'C' orthodox clerks' quarters.	2,000
		3,32,000		3,70,900

†69.\*

† This question has been postponed to be answered on the 24th February, 1940.

## STATEMENT LAID ON THE TABLE.

*Information promised in reply to parts (g) and (h) of starred question No 208 asked by Mr. Lalchand Navalrai on the 19th September, 1939.*

## PROMOTION OF TRAIN CONTROLLERS TO STATION MASTERS' GRADE ON THE NORTH WESTERN RAILWAY.

(g) It is presumed that the Honourable Member's question refers to the ten Assistant Controllers mentioned in part (b). None of them has since been promoted as Senior Assistant Station Masters or Grade VI Station Masters as prior to October, 1938, they had not the requisite seniority and since October, 1938, the cadre of Assistant Controllers and Senior Assistant Station Masters has been separated.

(h) The normal channel of promotion for Assistant Train Controllers since October, 1938, is to the posts of Deputy Chief Controllers, Chief Controllers and Traffic Inspectors. The latter part of the question does not arise.

## THE EXCESS PROFITS TAX BILL.

**Mr. President** (The Honourable Sir Abdur Rahim) The House will now resume consideration of the following motion moved by the Honourable Sir Jeremy Raisman on Tuesday, the 6th February, 1940.

"That the Bill to impose a tax on excess profits arising out of certain businesses be referred to a Select Committee consisting of the Honourable Dewan Bahadur Sir A. Ramaswami Mudaliar, Mr. J. F. Sheehy, Mr. S. P. Chambers, Mr. A. Aikman, Sir H. P. Mody, Seth Haji Sir Abdoolah Haroon, Dr. Sir Ziauddin Ahmad, Babu Bajrath Bajoria and the Mover, with instructions to report on or before the 6th March, 1940, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five."

Also discussion of the following amendment moved by Dr. P. N. Banerjee on the 6th February, 1940.

"That the Bill be circulated for the purpose of eliciting opinion thereon before the 15th March, 1940."

**Mr. Lalchand Navalrai** (Sind. Non-Muhammadan Rural): Sir, on Friday last, when I was speaking on this motion, I made it plain to the House, firstly, that no case was made out for the Excess Profits Tax, secondly, that the incidence of it is too high, thirdly, that it will give a set back to the enterprise in the field of industrialisation of India, and, fourthly, I raised the constitutional issue, that the tax will have to be divided with the provinces. Then, Sir, I submitted that there are several protests made and several telegrams and Resolutions sent to the Members showing that this tax is being opposed on substantial grounds. There is another difficulty in connection with the constitutional question, and the fear over it is not groundless. These taxes are increased or the level of them are lowered to give impetus to another tax which the Government impose. The fear is that the Finance Member might feel tempted to keep the level of the ordinary income-tax low and the excess profits tax high, and the result may be that a large part of the tax on income which the provinces are now getting under section 138 of the Government of India Act may be diverted to the Central Treasury and the Provincial Governments will get lesser amount and that will be a handicap to them in their nation building activities. This is a question which the Finance Member should bear in mind. Nothing should be done to hamper the Provincial Governments in getting their due. If the Provincial Governments feel strongly on this point, they might take it to the Federal Court.

Coming to the question of protests, they have been made by many associations and merchants. There is one from the Karachi Grain Merchants. Then, there are the Sind merchants who carry on foreign trade. It is well known that when the Income-tax Bill was being passed into law, there were many complaints with regard to the foreign incomes and the difficulty of getting money over here from foreign countries. These difficulties still exist and nothing has been done so far to help them in that direction, and this additional tax will operate very harshly on them. The Bombay Shareholders Association has protested, as also the Shroff Association. They have held meetings and their protests are in my hand. I do not want to read them. Some industrial institutes or associations have also complained and also the cloth merchants, fancy goods merchants. They have even threatened that they will hold *hartals*. That would be very bad. All the same the point I want to make is that the protests are substantial and there should be no haste in passing this Bill.

I will now refer to price control. I say that the Government are guilty in not putting control over the prices and, as a result, poor consumers are being fleeced. The Government should have introduced some measure in order to control the prices. With regard to that control, nothing has been done yet. Correspondence is going on. It is high time that something was done to fix prices and say that nothing more should be charged. That should be done as soon as possible unless the Government want to acquiesce in these high prices with the consequent high profits which will give Government more money under this Bill. That will not be a honest move. Therefore, I submit that the control of prices should be done as early as possible. There is one more point with regard to the control of sugar prices. The other day, Sir Ziauddin Ahmad pointed out to the House that the increase in the price of sugar was due to the war boom, but my information shows that the factory owners say—and I have seen it in the papers also—that these prices have not been raised owing to the war boom, but they are due to some disease in sugar cane production, which has reduced the output of sugar cane. On account of that—I read it even in the *Hindustan Times* today also—a certain kind of disease has got into the sugar cane and that is why it is getting damaged. Therefore, the production is less. The production being less, naturally one would feel that if the production is less and the expenses are high in the case of these factories, then they are entitled in some way to increase their price. Therefore, if it is from that point of view, then I do not think they ought to be blamed, but if it is from the war boom point of view, then certainly they are also equally liable for the excess profits. Sir, I do not think, after having made out these points, that I should detain the House any more over this Excess Profits Tax Bill, and I hope that if it is going to a Select Committee—because, after all, I still maintain up to the last that there should be circulation—but if it is going to a Select Committee, then I would submit that the Members of the Select Committee will give consideration to the points I have submitted before them and especially this constitutional point. Sir, I have done

**Mr. Akhil Chandra Datta** (Chittagong and Raishahi Divisions: Non-Muhammadian Rural). Mr. President, this is the third day of the debate on this Bill and, therefore, it is rather difficult to avoid repetitions, but as I do not like to be guilty of much repetition, I propose to be very

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brief. The first point I want to make is this. Of all the Bills that have come up before this House in recent times, this is the most controversial Bill. The feeling, Sir, in certain quarters is that a Bill like this is inevitable and that it must come, and, therefore, that what is the good of opposing it? Now I am anxious to say this that this Bill is being opposed, not merely by industrial and commercial interests, not merely by agricultural interests, not merely by the middle-class people, the small investors who after all are ultimate shareholders even of the big companies, but, Sir, may I tell them that during the last war when a measure like this was first discussed by the Government of India, they decided against it in the first instance. That was in 1917—four years after the war began. Their first verdict was against such a tax. Of course we know that there was the Act of 1919, but that was a second thought, an after-thought, and we know that in most cases the first thought is the best thought. The first thought is the spontaneous thought, and the second thought is always the result of much cogitation and calculation. Now that was the attitude of the Government of India during the last war,—and even, Sir, when as an after-thought they decided to impose this tax, what was the attitude of the Government with regard to that tax? Now, Sir, the real decision on that occasion was made, not at the time of the Bill but sometime earlier—the Bill was introduced and passed in February, 1919, but the decision of the Government was reached earlier in the month of September preceding. Sir, when that Resolution was being discussed, the Government felt that this was not a matter to be lightly discussed and lightly decided. They felt that this was an overwhelmingly controversial measure. They felt that the whole public was opposed to it and, therefore, in all fairness, the Government of the day decided not to vote on that Resolution in the House; they left the Resolution entirely to the non-official Members. This is what the Honourable the Finance Member said.

"We want to leave the decision thereon to the non-official Members on behalf of the much larger public in India to whom we desire to appeal, and if the bulk of our non-official colleagues"—*not all of them*—"should feel themselves unable to support the Resolution, which, as I shall presently explain, involves in its ultimate application, the imposition of fresh taxes, the Resolution will be withdrawn."

Those are the opening words of the speech in support of that Resolution and, ultimately, that course was adhered to. Now that was the view of the Government of India. What then was the attitude of the Provincial Governments in those days? Of course I have not got the opinions of all the Provincial Governments, but so far as the Bombay Government was concerned, we know that they were decidedly against this tax. In the first instance they gave their opinion against the Bill. They were then asked to reconsider their opinion, and as a result of further consideration they again repeated their protest and in very strong terms. Now, we know that on the present occasion Ceylon has thrown it out. We also know that in none of the Dominions is this tax being imposed, except partially only in Canada. Canada, as we all know, is the second industrial centre of the Empire. So far as industrial development is concerned, it stands on the same footing as Great Britain, and except to a certain extent in that Dominion, no other Dominion has thought of it . . .

**The Honourable Sir Jeremy Raisman** (Finance Member): How does the Honourable Member know that they have not thought of it or are not thinking of it?



**Mr. Akhil Chandra Datta:** I have not studied their mind. I do not know what is going on in their mind. I did not say what they were thinking of. I have only said that they have not as a matter of fact adopted this measure up to now except to a certain extent in Canada.

**Mr. M. A. Jinnah** (Bombay City: Muhammadan Urban): What is the alternative to this?

**Mr. Akhil Chandra Datta:** That is the *second* point. I am now dealing with the initial question as regards the principle of this Bill. I am not thinking now of any abstract question; I am speaking of India. I am thinking of India at the present moment as to whether, in the circumstances, this particular Bill can be supported, that is the point I am discussing, and not as to whether such a Bill should be supported in Great Britain or elsewhere. We are dealing with India only at the present moment.

**Mr. M. A. Jinnah:** My question was that, if the war has created a necessity for extra expenditure, what is the alternative source that you would like to tax?

**Mr. Akhil Chandra Datta:** I shall be very frank. If, in the first instance, it is decided that there must be taxation.

**Mr. M. A. Jinnah:** Yes, assuming that

**Mr. Akhil Chandra Datta:** I have not gone into that question, but out of respect to my Honourable friend, Mr. Jinnah, I must answer that question at this stage. I must admit frankly that, if a tax is to be imposed, and if a choice has to be made between general taxation and taxation like this, then I am prepared to endorse the argument of Sir Jeremy Raisman that, as between general taxation and this taxation, this is preferable. I do confess it, but I am now on the initial question whether a case has been made out for any taxation at all under the present conditions of India either by means of a general taxation or a taxation of the kind that is now sought to be imposed.

Now, Sir, the Government want to raise money for the defence. I welcome it. Do for Heaven's sake raise money for the defence of India. But before you raise money for the prosecution of the war in different parts of the world which are thousands and thousands of miles away from India, let us take care of India herself under the ordinary conditions. Have you got a sufficiently strong defence force in India? Only the other day, my Honourable friend, Sir Sved Raza Ali, moved a Resolution on the subject. He wanted that the defence Air Force of India should be strengthened. What was the reply of the Government? They said that it was beyond their financial resources. It is a great financial problem and they have not got the money for it. My esteemed friend and Leader, Mr. Aney, pointed out and emphasised that if that is the position, then the position of India is extremely helpless. It practically comes to this that if for some reason or other Great Britain finds it not possible or convenient to defend India, then God save India. If that is the position of India so far as her defence is concerned, then before you talk in

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terms of the defence of the Empire and of the small nations of Europe and before you talk so big as that, you ought to think in terms of the defence of India herself. Charity begins at home and let the defence also begin at home and not in far-off countries in Europe. That is one objection to the Bill. Before you raise money for the purpose for which you are raising it now, raise the money for giving effect to the Resolution of my Honourable friend, Sir Syed Raza Ali.

Then, I came to my second point; in fact, it is the first point. I maintain that no case has been made out for this Bill neither in the Statement of Objects and Reasons nor in the speech which the Honourable Member made while moving his motion. The Statement of Objects and Reasons is hopelessly silent. If I were to speak in the language of a lawyer, I would say that no cause of action has been made out at all in that Statement of Objects and Reasons. We had all hoped that that deficiency would be made up in his speech which would throw light and give us all the needed materials. There, again, we were disappointed. Now, Sir, if I had to think in terms of a law suit and supposing the suit is a suit for money, I would proceed like this. Here is the plaintiff—I call the Bill a plaintiff. He wants money decree from this House. Let us think that this House is a court and the Government have engaged Sir Jeremy Raisman as a Counsel for the plaintiff. He comes before the court and asks for some money. He says he wants a money decree. The court asks him, what is the amount that you want? He says that he cannot say because he does not know the amount. The next question put by the court is “What is the purpose for which you require the money? How do you propose to send the money?” There, again, the Counsel says “That is an inconvenient question for me to answer.” I do not know, Sir, whether that answer will be forthcoming at any time. My point is this. There are three very essential facts which must be established before this House can reasonably be asked to vote for this Bill. The first condition is, what is the purpose for which you want this money? A general description won't do. You must give us a clear idea as to the purpose for which you want to raise this money. The second essential fact which we want to know is, what is the amount that you want to raise? The third fact on which we must be satisfied is that that amount you cannot possibly raise with the utmost efforts of economy from the revenue of the country and that you cannot raise it without further taxation. These are three facts on which we must be satisfied before we can honestly vote for this Bill.

In this connection, may I draw the attention of the House to what was done by the Government in 1919. Money was raised then for a certain specific purpose. The House was taken into confidence as to how the money was proposed to be spent and the House was told that the money was required for meeting the extra cost of an extra force of Indian troops numbering two lakhs who were actually fighting at the time in the fields of battle. That was the object for which money was raised. First of all, the Indian troops were fighting, not fighting so much for the sake of the Empire but fighting to keep the war off the borders of India and in order to safeguard the external security of India. That was the purpose for which the money was required. That was the purpose for which the money was earmarked. Here, in this Bill, we are told that the purpose

for which the money is wanted for defence and other services. That is delightfully vague from the point of view of the Honourable the Finance Member and it is frightfully vague for us who are asked to vote this money. "Defence" may mean anything and everything. It covers such a wide ground that you can spend the money for this purpose and for one hundred and one other purposes. We have not yet been told any specific war item on which you propose to spend the money just as the House was told in 1919 the specific purposes. The next essential fact for us to know is, what is the amount? Is it that you want a blank cheque or you want to raise a particular amount of money. What happened in 1919? There the amount that was proposed to be raised was six million sterling net. I am not able to lay my hands on the opening sentence of the Finance Member's speech then, but I can say from my memory that the sentence was something like this "This Bill seeks to raise a net amount of six millions"

**Mr. M. S. Aney** (Berar Non-Muhammadian). If you want the exact words, they are

"This Bill sets out to secure a net sum of £6 millions to pay part of the contribution to the cost of the war which was decided upon by this Council last September"

**Mr. Akhil Chandra Datta:** Yes, that was the opening sentence in the speech of 1919 Six millions net and it was for the particular purpose of meeting the cost of extra forces. I want to emphasise the word 'net'. The Honourable the Finance Member on that occasion took the House into his confidence and explained at great length the precise implication of the different provisions. He explained "we want to raise six millions and we have framed our recommendation proposals in such a manner that the proceeds will be six millions and six millions only and not more than six millions". I shall not waste the time of the House by reading long extracts from that speech. He took the House into his confidence and explained how the 50 per cent rate was arrived at. This percentage was certainly not arbitrary. This was based on certain figures. On that occasion it was explained why these proposals were framed in that particular manner because the object in view was to raise a particular sum of six millions only. That was the object. Otherwise why do you frame your proposals in that particular manner. There must be some relation between 50 per cent and the amount proposed to be raised. Why is it 50 per cent? Why not 25 per cent or 75 per cent? An assurance also was given that not a pie more would be raised. Those who have gone through the debate will bear me out when I say that in substance an assurance was given on that occasion that if the proceeds of the tax exceeded six millions the excess will be refunded. I will read from the speech of the then Finance Member.

"Mr. Hogg's proposal comes to this that, if we are in earnest in our desire to get only £6 millions net, we ought to demonstrate the sincerity of our intentions by agreeing to refund anything in excess of that sum which our actual assessments may bring in"

Then, after pointing out some difficulties in accepting the amendment, later on the assurance was given in this form:

"We are however in earnest in our desire not to take more than £6 millions net and not to employ the proceeds of this tax for any purposes except the redemption of the obligation which we undertook last September. I must ask the Council to be content with this assurance and with the further undertaking that, if Mr. Hogg's

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is right and we are wrong, we shall consider the whole position again later in the year when the actual assessments are known and we shall see whether it is possible to bring the position into accord with our present intentions. The collection of the instalments of duty will be regulated with a view to making such review of the situation capable of being effective".

That was the spirit in which the Government approached this problem then.

The next condition that I insist on Government before raising extra taxation is that they must make out a case that the current revenues are not sufficient either for the entire amount or any part thereof. On that occasion the Finance Member told the House that they adopted the utmost economy, that they made retrenchments and economies. To quote the exact words he said "we have counted every rupee". Referring to army expenditure, he said that it was cut down ruthlessly. What is the position now? The other day my Honourable friend, Mr. James, wanted to know whether it was proposed to have a committee as in other countries to prevent waste and extravagance. The answer was in the negative. So that, I feel that before these conditions are fulfilled, we cannot honestly vote for this measure. There must be a case made out. If you want my vote, it is only fair that you must convince me that it is really necessary. Your case may be a very good one for aught I know. But I do not know your case, that is my trouble. What is your basis for 50 per cent. Why do you say 20 thousand and not 10 thousand? There must be some figures on which you have based this estimate. You must place those figures before the House. Why do you say 5,000 assesses and not ten thousand assesses? It is absolutely clear that there are some figures which you are withholding from this House. Either your figures are arbitrary or they are based on some calculation. If arbitrary, you cannot expect us to support your proposals. If on the contrary there are any materials and figures it is only fair that they should be placed before us. We do not know whether it is proposed to raise one million or 100 millions. There will be one rate in the case of one million and another rate for 100 millions. So these are important things to be known. I want to point out that the spirit with which the Government of India approached this question in 1919 is different from what it is now. In 1919 they were frank, fair and honest; there was no hide and seek and nothing up their sleeves, but a feeling of trust. They took the House into their confidence and said they would themselves refrain from voting.

The next point that I want to make is this. The precedent of the United Kingdom will not help us at all. The point has been dealt with by previous speakers; I will only state it without elaborating it. The standard period in Great Britain is, roughly speaking, a boom period; in India it is a period of depression. That makes all the difference between the United Kingdom Act and the present Bill. In the United Kingdom money is taken from the industry with one hand and returned to that industry with another. We know that a huge amount is being spent every day in Great Britain for the prosecution of the war; but we also know that that eminent economists and politicians in the United Kingdom hold that this huge expenditure out of the public purse constitutes a great stimulus and attract public investments on the industries on which the money is spent. In effect the money which the British taxpayer and the British industries are asked to part with in order to contribute to the vast expenditure of the war is returned to them in the form of money spent on industries working for orders of the Defence

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Department. There is a feeling here in regard to this Bill that while His Majesty's Government in the United Kingdom is engaged in a bitter economic warfare on the enemy front, the Government in this country appear to spend all their wits to organise an economic warfare on the home front, and, particularly, against trade, industry and commerce Sir, I cannot support this Bill.

**Dr. R. D. Dalal** (Nominated Non-Official): Sir, in supporting the motion moved by the Honourable the Finance Member to refer this Bill—the Excess Profits Tax Bill—to a Select Committee I desire to refer to only a few of the general considerations of the Bill, and in doing so I shall occupy the attention of this Honourable House for only a few minutes. Sir, the introduction of this legislation was not unexpected. The proposed tax is both inevitable and in principle unexceptionable. This is a general tax on excess profits made by businesses. The tax is to be chargeable as from the 1st April, 1939, and it is to be paid on the excess of the current profits over a certain defined pre-war period. The principle that the State should get a part of the profits accruing from the war is in my opinion correct, and should be accepted by business men in India; and there should not be any objection to the introduction of this legislation now. In the last war it came too late to prevent scandalous cases of profiteering. An excess profits tax is a much more equitable way of raising money than an increase in income-tax. In view of the fact that the British Excess Profits Tax is 60 per cent, the 50 per cent scale of tax on excess profits is in my opinion reasonable. As the Act is to be administered by Officers of the Income-tax Department, I consider that the machinery for the collection of the tax is adequate, and that the cost of enforcing it will not be high. Income-tax Authorities should see that the tax is tempered, wherever possible, particularly on new industries and on those which fared badly before the war. If the pre-war profits have been exceptionally low, provision is made for special relief. Such cases would be submitted to a Board of Referees, who would be empowered to raise the figure of standard profits where they consider them less than what might have been reasonably expected. Sir, in my opinion the Board of Referees should be an entirely independent body and should not be under the control or direction or influence of the Central Board of Revenue. They should be an authoritative body, and should exercise their duties fairly and generously, and should come to a right conclusion. Above all they should see that no profits which are not due to the war are taxed. Sir, it has been said that Government are rushing through this legislation. In this connection I would point out that it is only fair that instead of incorporating the excess profits tax in the Finance Bill the mercantile and industrial community should be told at the earliest possible moment of the taxes they will have to take into account in making their plans and in considering how far they might venture in new concerns. So far as I have studied this question, I think this Bill will not adversely affect trade and industry in India.

Sir, there is only one further point to which I wish to refer. The secret of success of the administration of the Act will lie not in the sections and rules of the Act but in the Excess Profit Officer, in other words, it will consist in the man. May I be permitted to illustrate what I mean? If revenue assessments are to be fair and equitable to the people it will not be because of the resolutions which the Government of India have issued to regulate them but because a sympathetic Settlement Officer has been sent to carry them out. So I respectfully submit that sympathetic

[Dr. R. D. Dala].

Officers of the highest probity should be selected for the administration of this Act

**Mr. M. S. Aney:** Sir, the debate has been going on for the last few days and most of the points which are of importance in principle have been threshed out. I only want to make a few observations to indicate the grounds on which I base my objections to the Bill as it stands at present. The Honourable the Finance Member in moving his Bill made a conciliatory speech. It was an agreeable departure from the traditions which have been observed by the treasury benches, particularly by the predecessor of my Honourable friend, for the last five years. The main point and the broad principle on which he wanted to justify the present measure was what he has felicitously described as the principle of social justice. . .

**Mr. M. A. Jinnah:** That is not his main point

**Mr. M. S. Aney:** That is the broad principle on which he wanted to justify this measure. My Honourable friend, Mr Jinnah, says, it is not his main point. I do not know if it was his main point or not, but it appeared to me that he indicated that in accepting a measure of this kind we were doing what he considers to be a bare act of social justice. That is exactly what he meant because he thought that there is a correlation between war expenditure and war profits and by this Bill that correlation is re-established, and by bringing about that kind of correlation he was only asking this House to do bare justice, which he calls social justice—that is all, and he further tells us that this was not a measure that is going to affect all the people of India, but only a few thousands—five thousand according to him. So his main idea seems to be that the House must not take it as anything affecting the whole country but only a certain limited class of people, and it is only they who are interested in it. Others can look askance at the whole affair—that is probably what he meant. My position is somewhat different. I really do not think that the Bill is so innocent, even as regards the others, as he wanted to represent. Does it really only affect five thousand people? Assuming that it only affects five thousand juridical persons probably as he has in mind, even from that point of view each of those juridical persons consists of some so many other thousands in the shape of shareholders and others who may get dividends and the total number will therefore be several times five thousand which he has in mind. . . .

**Sir Cowasji Jehangir** (Bombay City: Non-Muhammadan Urban)  
Hundreds of thousands!

**Mr. M. S. Aney:** Hundreds of thousands as Sir Cowasji Jehangir has rightly said. But I should like to look at this measure from an even wider point of view. This is a Bill in which the aim of the Government is to claim a share of the profits which are supposed to be made by the businessmen on account of the war conditions that have come into existence, and these profits generally mean that prices of things go up and businessmen make profits out of that. It is true that war conditions do give rise to a certain inflation of prices and those who deal in that business make more profits. The Finance Member thinks that those extra profits are so to say unearned increments of businessmen, they are not due to anything done by them as such but due to the existence of an adventitious circumstance and therefore, the state has got a right to claim something out of those profits.

Now, I want to see whether in this struggle between the State and the businessman, the ordinary man is being crushed or not. If he is being crushed, then I maintain that it is not a matter which concerns only five thousand men and the Government of India, but even the five crores of Indians who are vitally concerned in it. That is how I want to show it.

The circumstances under which this Bill was introduced were of a very peculiar nature. We have gone through a period of depression since 1930-31 till this year. In fact 1939-40 is the first year, I can say, wherein the depression may be said to have ended and a new period may be said to have begun. So far as the Central Provinces and Berar is concerned, I know what the depression really meant. Due to a series of failures of crops extending from 1930-31 to 1938-39 and the abnormally low prices of the raw materials grown, the position of the cultivators and the general public who depend upon cultivation and agriculture in general, had almost become hopeless. It was because this year there was a little improvement in the conditions of the crop as well as in the prices that a period of hopefulness and some kind of better prospects for this year had begun to grow. As soon as this Bill was introduced, or rumours regarding the introduction of this Bill were in the air, a sudden change has come over—a fluctuation in the price of cotton from Rs 100 per *khandi* to Rs 70 or Rs 72 per *khandi* that was the amount of the fall which was reached during a period of three or four days about the time this Bill was being introduced. You can very well imagine the havoc it must have caused among the cotton growers and others who are in that trade. Traders and growers, both have found themselves at sea. There was a kind of economic revolution there, so to speak, in the market and the position is like that even now. In getting Rs. 100 a *khandi* we were not getting more than what we really deserved. But during all these seven years it never reached 60 or 65 rupees level. At one time, several years ago, the prices had gone up to Rs 200 or even Rs. 250. I am talking of the standard measure of *khandi* adopted in Central Provinces, not the Bombay measure, but businessmen know what I mean. Those who were getting Rs 200 and even 250 were not getting more than 60 or 65 rupees, sometimes even 50 or 55 rupees per *khandi*. In fact, they were not getting even the cost of production. It was only this year that they began to get something over and above the cost of production. The thing went on for hardly two months or so. The season began in October. There was some selling in November and December. In January this bolt came from the blue, and the result is that there is a terrible state of despair in the whole of the province. What will be the result? The result will be, I am sure, if this Bill is passed, that the industrialist, shrewd businessman that he is, will do one of these two things in order to maintain the level of profits which he has been getting. He will use all his ingenuity to maintain the level of profits he is getting now: what he has to buy he will buy at the lowest price, and what he has to sell, he will sell at the highest price, the finished product will be sold at higher prices and as regards the raw material, he will make an attempt to get it at cheaper prices. In fact, it is the grower of the raw material who is likely to suffer and the businessman will try to maintain as high a level of prices for his finished product as he can under these circumstances.

The war period is a period which generally gives facilities for the purpose of forming big combines and monopolies. So far as the goods manufactured by them are concerned, as they have no other foreign competitors to compete with them, these combines will be the masters of the situation,

[Mr. M. S. Aney.]

and the articles manufactured by them will be sold at higher prices, while so far as the raw material required for turning out these finished articles are concerned, these combines will get these raw materials at as low a price as possible. How such a thing can be avoided, I do not know. Therefore, Sir, if a Bill like this is passed, it will be a matter which will concern not merely a few industrialists, but it will affect crores and crores of people who are producers of raw materials which are consumed in the big industries in India. Therefore, if this Bill is passed, it will not merely take out a share of the extra profits from some people who will be profiteering, but it will do something that is likely to damage the middle and lower classes on whose labours the Indian industries depend. My friend, the Finance Member, shakes his head, and he is rather making me dubious as to the fate of the suggestion that I am going to make presently.

Now, Sir, there is another point which I should like to make. Government cannot afford to be indifferent to the state of those agriculturists and industrialists who have been assisting them in so many ways. Supposing these profits are illegitimate—that is what the Government think.....

**The Honourable Sir Jeremy Raisman:** No

**Mr. M. S. Aney:** They are illegitimate in the sense that you think that these people are making profits under certain conditions, of which you can take a share. It is a windfall; you think that these agriculturists and industrialists are making large profits owing to war conditions, and you think that Government are justified in taking a share out of those profits. Suppose, in taking advantage of the present situation, these people are doing something wrong, then how is that wrong to be cured? If there is injustice, it is injustice to the original man, and how is that injustice to be cured? It is something like this. It is like Peter's money or the Pope's money, and, in place of Peter, the Government have come in. While the people are making a little more money out of the present adventitious circumstances, the present Government, like the Pope or Peter, want to get some benefit out of it. But let me tell my friends on that side that as the Pope's money and Peter's pence have been found not to have served any purpose in washing away the sins of the past sinners, so also if there is anything wrong in making any extortionate profits that wrong is not righted by the Government taking away a share out of the extra money made by these people.....

**Dr. F. X. DeSouza** (Nominated Non-official): Is the Honourable Member in order in speaking so irreverently of Peter's pence and the Pope?

**Mr President** (The Honourable Sir Abdur Rahim): The Chair did not understand that the Honourable Member was casting any reflection on the Pope.

**Mr. M. S. Aney:** I did not cast any reflection on any Pope.

Then, Sir, the second point which I want to make out is this. My friend, the Deputy President, and also several other Honourable Members who preceded me have pointed out what was the main object for



which the Act 1919 was passed by this House. At that time there was a definite commitment made by the Legislature itself that they were going to make a certain contribution towards the extra expenditure of the war. That definite commitment having been made, it involved the House in an expenditure amounting to several crores. There was a gift of a hundred crores; there was a promise made to pay off the expenditure of certain forces and so on. Now, Honourable Members will observe that Resolutions were moved then, and the Government remained silent, and they allowed the non-official Members of the House to vote on that Resolution. The commitment was made by the vote of the non-official Members of the House. There was a voluntary undertaking given by the representatives of the people that they will make a certain contribution towards that war, and having given such an undertaking, it became necessary for Government to see how the House discharged its obligations in this matter. That was the reason why the measure of 1919 was introduced, and that measure aimed at getting only so much as was necessary to fulfil the promise which was made. Part of it was raised by taxation, yet another six million pounds were taken and they brought in an Excess Profits Bill, a measure which the Government hated from the very beginning, but they, ultimately, resorted to it as a last measure to raise only that limited amount to which the House had stood itself committed. The position of the Government at that time was that such a measure had to be undertaken owing to exceptional circumstances due to the war, I have indicated what the exceptional circumstances then were, and the House itself had undertaken certain obligations, the House itself had stood committed to pay a certain amount towards the expenditure of the war, and those obligations had to be fulfilled, and for that purpose there was no other remedy except to levy extra taxation.

Now, coming to the present times, what is the position? Has this House ever committed itself to pay any contribution towards the present war? Has this question ever been brought before the House for its consideration? Did this House ever agree to make any contribution towards the present war? Did the Government ever care to take the consent of this House before even the war was declared? Nothing of the kind was done. Everything due to the war is being done by keeping the House entirely in the dark in regard to all matters. Yet the Honourable the Finance Member comes before us with a measure like this and asks us to vote for a certain amount, an unknown quantity I mean—I do not know how much money he is expecting to get by passing this Bill. The circumstances under which the 1919 measure was passed were such that the Government then felt that they were justified in taking the House into confidence in regard to war taxation, but now it would appear that the Government is full of suspicion, nobody knows anything about their intentions. Not only that. The Government are not prepared to indicate even the financial implications of a measure like this till the Budget is presented. Why did not the Government wait till the Budget was presented to the House? Why do they want this House to give its consent to the principle of taxing itself in this particular manner first, before the House gets any idea of the Budget figures? Why do the Government want this money now? They have taken a step which is exactly the reverse of what they did in 1919. This measure could have waited until the Budget had been presented to the House. The war was not going to be finished by tomorrow. The Government certainly could have waited to introduce this measure at least till the 29th of February. We

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do not know the financial implications of this measure, we do not know how much money was going to be raised, we do not know how the Indian cultivator and the industrialist is going to be affected, and so the whole point is whether there is any justification for giving our consent to this Bill. The Government's original intention was to finish off the whole affair by getting the consent of the people before the House knew what the financial commitments of future years were going to be. 16th February—that was the original date on which you wanted to present the report of the Select Committee?

**The Honourable Sir Jeremy Raisman:** To present the report but not to proceed with the Bill.

**Mr. M. S. Aney:** The Select Committee was to finish its business so far as the main part of the Bill, i.e., the very important part of the Bill, was concerned by that date, and after the Select Committee has presented its report, it is more or less a formal matter because the views of the leading Members on important points are generally expressed in the Select Committee's report and those views generally prevail with the House when the report is taken up for consideration.

**Mr. M. A. Jinnah:** We will accept no report which does not meet with our approval.

**Mr. M. S. Aney:** The Honourable Member says 'that he shall not present the report of the Select Committee before the 6th March'. I was addressing my argument in respect of the state of things which existed before he made the above announcement. My point is this. So far as this Bill is concerned, we are asked to give our consent to it in circumstances of a very peculiar nature.

The third thing which I want to bring to the notice of the House is this. As regards the war which I was talking about, the position was, on the other hand, that all the important political organisations in this country whose representatives are in this House have, as far as the war is concerned, made a kind of conditional offer of co-operation, including the great Muslim League organisation which My Honourable friend, Mr. Jinnah, represents. Negotiations are going on, and if those negotiations are to bear fruit, I think it is better that the Government do not call upon this House to commit itself unnecessarily to financial decisions of this character if it wants to ensure the success of those negotiations. Let those negotiations successfully end and I am sure the House and the country outside will be prepared to vote any amount of money that the Government may reasonably need for the sake of successfully waging the war. But if things are forced upon the House in the manner in which it is being done, I am afraid it may hamper even the progress of those negotiations. That is also a point which the Honourable Member on the Government Benches will have to take into consideration in dealing with this Bill.

So far as other points are concerned, the very illuminating speeches that have been made on this Bill, particularly by my Honourable friends, Sir Homi Mody, Sir Cowasji Jehangir, Mr. Bajoria, Mr. Huseinbhai Laljee

and other businessmen have brought out the salient defects of the Bill to the notice of the House. They have shown how the figure of standard profits which is the taxable minimum which is fixed here is higher than what was fixed in the old Bill. They have shown how the standard years taken for standard profits are themselves lean years and not years of profit, how the last Act that was passed made provision for an annual review of the tax and how that kind of provision is wanting in this Bill. They have shown how the capital which has to be taken for the sake of assessing profits was capital employed and not the share capital as it is here. Besides, they have also shown how an attempt is not made in this Bill to single out war profits from normal increases of profits. All these points have been brought out and many more to which I could refer at length, but I do not think it is necessary for me to do that as they have been brought out very clearly and carefully. In connection with this I only want to urge this. I think that the Government claiming a share to the extent of fifty per cent. in the profits which the businessmen may make is bound to hamper the progress of industrialisation of this country hereafter at least for some time.

War no doubt is always an evil, but in the case of India it may be a period for the rapid progress of industrialisation. It was considered to be a favourable opportunity for India to develop her industries in many ways, and, therefore, if anything, it was expected that the Government would take every possible step to encourage the development of India's industries at this time. If, instead of that, they are going to impose a heavy taxation of this nature upon the profits, the tendency of industrialists would not be to invest more money in new enterprises and new industrial undertakings, the capital would be invested in some other safe securities and not for the sake of adding to the industrial development of the country. This, in my opinion, will be one of the most undesirable results of the passing of a measure like this. In England as my Honourable friend, Mr. Akhil Chandra Datta, has shown, what is taken by Government is returned back to the people and generally to the industry itself. The industry pays or supplies the funds and Government supplies the industry back with the resources.

**The Honourable Sir Jeremy Raisman:** Exactly the same here.

**Mr. M. S. Aney:** That is what we want to know when we shall have the full picture before us. If in India the share of the profits which the Government is going to take is going back to the industry again to fructify the Indian industries it will be some consolation for us, but till the full picture is before me, I am not able to accept that. I am glad that the Honourable the Finance Member is suggesting that they intend some such thing to do.

**The Honourable Sir Jeremy Raisman:** It is the position now.

**Mr. M. S. Aney:** These war profits seem to me to be something like war babies. Whenever they have war babies it afterwards becomes necessary for Government to pass a law to legitimatise them all; otherwise, it becomes a source of great nuisance to the society. But the law relating to war babies is enacted after the war babies are born. But here what do we find? We find that a full year of profit is not yet over, the war only began in the month of September, and for a full war year you must wait till the next September, but the Government seem to think that the

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businessmen are quick with profits and in anticipation of delivery of those war profits they think that these illegitimate children must be legitimatised and by introducing this Bill, they have, in my opinion, tried to claim a share out of it and think that if they get a share then everything is fair and square. I am reminded of another thing that I read in one of the volumes of the Joshi Enquiry Committee's report on child marriages. In one of the volumes it is stated that amongst a certain caste the year of marriage comes once in twelve years and whenever that year comes, it is not only the born children that are married but children which are likely to be born are also married. The two women are brought together and the fathers of the would-be children come, and those two couples come to an agreement that the children that are to be born of those two ladies would be married together.

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar** (Member of Commerce and Labour): Provided they are of the opposite sex

**Mr. M. S. Aney:** Yes. It was considered to be a scandalous practice and one of the results of the passing of the Sarda Act was to put an end to that practice. I do not know whether we shall have to pass such a Child Marriage Restraint Act or an Act like that in respect of such Bills also. I hope that we shall not allow matters to stoop to that scandalous degree. For these reasons having looked at the picture from all points of view, I feel that the measure at present, to my mind, is premature and I am not, therefore, in a position to give my vote in favour of the motion for referring it to the Select Committee

**Mr. M. A. Jinnah:** Sir, this is really a very exceptional Bill and also very complicated in many respects and before I deal with the Bill, as some of the Members have already raised the point which is of a constitutional character, I would point out that we have repeatedly made it clear—and I think the world knows it—as to what is the constitutional position of this House. Even if we reject this Bill, it is of very little use because of the power of certification. It will only have a moral effect and there will be some satisfaction that those who sit on this side of the House that we have won the division in the lobby and no more. This House is, therefore, treated as it deserves to be. Here we have the Government which have decided that this Bill should be introduced and passed. Now, we have only Hobson's choice, and we have to choose the lesser of two evils and I have to accommodate myself into this position and how best to fit in to do the best for those who are going to be operated upon hence. I have to choose the lesser of two evils. Situated as we are, we must try to minimise the mischief that this Bill is likely to create and may very seriously affect trade and industry, if it is not put right to our satisfaction. I quite agree with my friends, Mr. Aney and Mr. A. C. Datta, that the Government have treated this House in a manner which is, to my mind, shocking. Here is a skeleton Bill which is almost a copy of the English Statute. I speak most respectfully of the Honourable the Finance Member, when I say this; but it gives us no indication whatsoever of the financial position of the Government of India or any other data or information. A hue and cry was raised and very rightly too about the spirit in which this Bill was published and the haste with which Government is proceeding with it. At last we had a glimpse in the speech of the

Honourable Member. He said 'No, no, you will have the picture before you and the budgetary position will be thoroughly exposed before this House finally decides and you will have the opportunity of considering this Bill in the light of the budgetary position and other facts that may be available'. That is putting the cart before the horse. But then that is generally the case in this House and we have got to deal with it as best we can. I agree to a large extent with the emphatic criticism made by the Deputy President but the position is this. Should we allow this Bill to go to a Select Committee or not? Supposing we throw out this motion, Government will say, 'You have declined even to consider this Bill'. When my Honourable friend the Baronet, Sir Cowasji Jehangir, criticised this Bill and many of its provisions, the Honourable the Finance Member said 'All this will have to be considered in the Select Committee'. On this assurance, so far as we are concerned, we are not prepared to oppose this motion but I want to make it quite clear that although we say that we are not opposed to the principle of the Bill it is the details that matter most vitally and not the principle. So far as this Bill goes what is the principle of the Bill? I congratulate the Treasury Bench that they have also been inoculated with the principle of social justice. I hope that this germ will fructify. It is a rare treat indeed that in a bureaucratic Government the Finance Member should start with the principle of social justice. May I ask him to carry that principle of social justice into practice nearer home and apply that principle in the matter of reducing fat and high salaries. It is war time and there should be retrenchment and economy.

**Sir Cowasji Jehangir:** He wants to cut down your travelling allowances.

**Mr. M. A. Jinnah:** I do not know whether my information is correct but I believe that since the war the officials who were getting normal salaries have got enormous increases and additions and allowances.

**An Honourable Member:** War allowances.

**Mr. M. A. Jinnah:** I do hope that this question will be kept up in its real application of this principle.

Now, the main ground on which this Bill is pressed is this—that the Government have got to incur extra expenditure because of war conditions and that expenditure has got to be met and what more equitable source of taxation than the war profits. Putting it on that basis, I do not think that one can find any serious objection to that. It is quite clear that if Government have got to incur legitimate expenditure owing to war conditions, that expenditure has got to be met. And I quite agree that it is very difficult to suggest a more equitable source; there may be one, but at present I cannot think of one—and to that extent anyhow I do not think that this House can have any objection. But it is not the principle which is vital, so far as this Bill is concerned, but its provisions and its details, and I want to make it quite clear that, so far as we are concerned on this side of the House, we shall not support the Bill, unless we are satisfied fully that the expenditure is a legitimate one, incurred not in this vague fashion—"war and civil service requirements"—incurred 'mainly'—I do not know what it means—"mainly for the war",—well, that is a very dangerous word—and phraseology "mainly for the war",

[Mr. M. A. Jinnah.]

we shall not be led away by these phrases, but we shall examine the point that the expenditure that is incurred or is going to be incurred or is likely to be incurred is a real, legitimate expenditure which India is bound during the course of this war to incur, for its own interest and for its own defence. Well, that is proposition number one, and second, unless we are satisfied about the requirements and that in order to get that specific amount of money about which we must have a clear idea, we cannot commit ourselves—not this eye-wash, not this blank cheque—what is the blank cheque we are asked to give now?—“that this measure is to last until the Government choose to terminate it” We have only got to pass this Bill and give a blank cheque. We are asked to say ‘Very well, take it.’ But when is it to end? We do not know. Whether it will be again open to us at any time to review it? No. We are to give you this Bill,—a 50 per cent. tax on war profits and that is all. Then how much will you get out of it? How will you spend it? We are not told and we shall have no voice of any kind hereafter. Whether this Bill will be subject to examination or review or revision annually? No. I assure you that we will not accept that position. If you want our views—otherwise of course it is no use consulting this House; whatever may be our differences—and there are very vital differences between the Government and us, but up to the present moment the position is this, that, so far as we are concerned we do not wish to embarrass the Government, because the matter of constitutional adjustments is still pending as a matter of negotiations; until we decide definitely, our position is that we do not wish to embarrass the Government. On the other hand, we expect the Government to take this House into their fullest confidence—if they want our real co-operation until we break,—and we have not broken away yet. Now, having made these general observations, let me deal with the various points. Now, the first point—I do not want to go into the details of the Bill and the various provisions which are matters of detail and which will be more for the Select Committee. I regret very much—not that I am holding any brief for anybody—but I regret very much that Sir Cowasji Jehangir is not on the proposed Select Committee. We know, Sir, that the subject-matter of this Bill is a matter that can best be understood by businessmen; and, therefore, I would ask the Finance Member to put him on the Select Committee—never mind, it may be said that Sir Cowasji Jehangir or other businessmen are interested and they might give a lot of trouble, create a lot of difficulties, and they would be pulling in their own interests, but don’t be afraid of them.

**The Honourable Sir Jeremy Ralsman:** I am not.

**Mr. M. A. Jinnah:** I assure you that when you come up before this House and you put your case before us, I think we shall not only be able to see and read between the lines, but we shall know which side to support, but let us have the benefit of their criticisms. After all, remember we are dealing with big issue involved in this Bill—although I know perfectly well, that some few are openly hostile to capitalistic class. It is all very well, to say so. I think one of the Honourable Members said, “oh, you must get the money out of these capitalists.” Sir, it is a mistake. It is not getting money out of the capitalists. Sir, I think my Honourable friend, Mr. Joshi, is always thinking of the capitalists. Now, just see—I ask Mr. Joshi—who will pay when you talk of the capitalist—who will pay?

**Mr. N. M. Joshi** (Nominated Non-Official): The investors.

**Mr. M. A. Jinnah**: And there are thousands and thousands of investors—small ones, middle class and widows in these businesses—thousands of them. Don't you think that they are going to escape from paying their quota under this Bill. It is not merely the millionaires.

**Mr. N. M. Joshi**: I do not mind.

**Mr. M. A. Jinnah**: You don't mind as long as you get what you want for your workmen, which, you imagine, is the heaven, but your heaven is far off. I only wanted to combat the argument and show that it is no use running away with the idea that nobody else is concerned except the "fat capitalists". This is not so. The five thousand assesses, that are estimated, do not mean five thousand but they mean thousands and thousands all over the country. Remember that. Therefore, I hope that that will be borne in mind. But anyhow even the capitalist must live,—well, do you want confiscation, expropriation, do you want that? If that is so, then say it on the floor of the House and be done with it. After all, they must be treated also fairly. I do not say they should be allowed to get away from bearing their legitimate burden in proportion to their capacity. There I agree. Well, Sir, therefore, the first question I would like to draw the attention of Honourable Members to is this that the Select Committee and the Honourable the Finance Member will bear in mind that the first proposition of his is a general one,—that profits arising out of war conditions should be taxed. Now, are they going to make any distinction between profits which will arise directly and solely due to war, and profits which will arise indirectly because of the war? I do not know whether I have made my position clear. Take a big contractor. He is not concerned with any business except to supply to the Army Department, solely for war purposes. Now he makes, we will say, an excess profit. I do not know how you are going to ascertain his excess profit; but if you do, anyhow you will get fifty per cent. of it. Take an ordinary trade or normal business, which also makes excess profits due to the war conditions. Are these two to be considered on the same footing and are they both to pay on the 50 per cent basis? That is one of the points I want to consider. The next point is, why have you taken 50 per cent? Why not 10, 12 or 20 per cent? How much will you get? Have you any idea? And what do you want? So far as this 50 per cent is concerned, we are in the dark. I hope that the Select Committee will consider this percentage carefully so that it may appeal to this House to support Government.

The next point is the standard period. I really cannot understand why the Government have stopped at 1938 and why not up to April, 1939. Even reading cursorily the report of the Government that was published the other day by Dr. Gregory, we find that the years of 1935, 1936, 1937 and 1938 have not been really years of normal conditions. On the contrary, they were years of depression. So, in the first instance, you start by fixing the standard period when these years were years of depression. You take them as the standard. Now, 1938-39 was also a year of fluctuation. But the war did not begin till September and I

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cannot understand why you have taken this period out of standard period. I can understand that the conditions in England are quite different. We all know the conditions in England. After Munich in September, 1938, we all know and it is public property that Great Britain decided to make every possible preparation and from that day the whole machinery of the Government was set in motion. Enormous profits were made before the war was declared and, therefore, I can understand the British Statute taking a particular year which is most suited to the special conditions of Great Britain. I want you, therefore, to consider very carefully as to what should be the standard period and also the charging year fixed in the Bill. Should it be retrospective or from 31st March, 1940, as in the Canadian Bill, which was passed recently.

The next thing is that this Bill must be put to periodical examination by this House. I shall never agree, speaking for myself, to give a blank cheque. It must be subject to review and revision annually by this House.

**Mr. M. S. Aney:** The British Act is like that.

**Mr. M. A. Jinnah:** Now, I would like to draw the attention of the House to the fact that a statute has been passed in Canada. I have got the summary of it with me. I want the House and the Government to know what the Dominions have done and India cannot be expected to do more. In fact, India is not even in a position to do what Canada is in a position to do. I will take the liberty of mentioning these points one by one. I am reading from a copy of *Barron's Weekly*, dated the 18th December, 1939. The Excess Profits Tax Act was passed on the 13th September, 1939, in Canada. I am now reading the summary of it from *Barron's Weekly*.

"This Act imposes a tax on Excess Profits arising either directly or indirectly from war activity. The Act applies only to profits earned in the Fiscal periods ending after March 31st, 1940."

May I stop here for a moment? Why do you want to catch the profits by fixing the period that you have fixed? What will you catch? You want to catch some profits that were made in the months of October, November, December and not even January because the moment this baby was published, it frightened people to death. Is that what you want to catch and is it because of this that you have taken those lean years, the years of depression as standard period? To proceed with the summary.

"Two methods of computation are provided for, the choice being at the option of the tax-payer.

*Plant 'A'*—provides a graduated scale of taxation based on profits on capital employed in any business. Capital is defined as paid up share capital *plus* reserves held at the commencement of an accounting period less one-half of the dividend paid during the period. Borrowed money and capital stock to the extent that it represents goodwill or intangible assets are excluded.

Under this Plan, profits up to 5 per cent. of the capital employed are exempted. To the balance of the profits a graduated scale is applied. The tax increases from 10 per cent. on profits between 5 per cent. and 10 per cent. on capital employed to 60 per cent. on profits exceeding 25 per cent. of such capital.

*Plant 'B'*—A fixed rate of 50 per cent. is levied on all profits in excess of average annual net income in the four fiscal years, ending 1936—1939 inclusive. In this calculation both profits and deficits must be taken into account."



Then comes an important point which I want the Finance Member to bear in his mind carefully

"In computing taxable profits, the Act specifically provides that the normal corporation income-tax may be deducted from net income."

In other words, according to the present Bill you do not do that. What should be done is that in the first instance the normal income-tax should be assessed on the entire profit. This should be treated as expenditure and then you should get the balance to calculate excess profit. Here it is just the reverse. You can see that from a study of this. To take the example of the Finance Member, supposing you make a profit of 12 lakhs. The standard profit is ten lakhs normal and two lakhs is excess profit. You take away one lakh straightaway. You take away that one lakh before income-tax is deducted from it. What I suggest is this and this statute also supports me. First of all on the entire profit the income-tax must be deducted. Then the balance that remains which is the profit, from that profit you take the excess profit, whatever that may be.

The only other point which I am not able to understand is this. I do not want to go into these minute points. Why is this exemption limit fixed at Rs. 20,000? Subject to further examination, it seems to me that it is rather hard. After all you do not want to bring people who make small normal profits. What you want really is something substantial, something abnormal that you want to get hold of. Here is a man who is making Rs. 30,000 a year and your exemption limit is Rs. 20,000 and the balance of Rs. 10,000 comes under the hammer of the Bill. Is that fair? Is that what you really want to get at? Of course, if you cannot get what is wanted for your legitimate purposes then you might consider other sources. That is one of the points which I should like the Honourable Member to consider.

I do not think I can take up the time of the House any more usefully and I think I have made our position clear. I hope the Honourable the Finance Member will bear in mind the situation facing us—I can only say this in conclusion—that not only should the Government be just, but they should make the people feel that justice is done. This is very important. We cannot afford at this critical moment to alienate any class or section of our people in this country.

The Assembly then adjourned for Lunch till Half Past Two of the Clock.

The Assembly re-assembled after Lunch at Half Past Two of the Clock, Mr. Deputy President (Mr. Akhil Chandra Datta) in the Chair.

**The Honourable Sir Jeremy Raisman:** Sir, a number of Members have begun their speeches by commenting on the exceptional nature of this measure or the exceptional circumstances in which it was brought forward. I should like to add my comment that I, personally, have never known a measure in regard to which all the individuals whom I have met or who have pronounced publicly on the subject have been so ready to admit the essential justification and desirability of the principle of the measure, even though they have gone on to indulge in the most extravagant criticisms of its particular features. In large commercial centres

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there has been, I freely admit, a storm of passionate protest against the Bill. But almost from the very first day when the provisions of the Bill were before the public a few people sat down to see what it really meant and to endeavour to estimate the precise effect of the measure on the fortunes of industries and even of particular concerns. I do not know how many Members of this House read those financial journals but I can say that it is by no means an uncommon feature of these more precise examinations of the effect of the Bill that it is pointed out that numbers of representative concerns belonging to the main industries will have to be in a position to pay dividends of 80, 40 and 50 per cent. before they can possibly become liable for the excess profits tax. I realise that on the basis of recent highly inflated values of equities these percentages may correspond to net yields of 6, 7 or 8 per cent. But, nevertheless, even on that basis the shareholders are admitted to be exceedingly well placed and the general effect of these examinations is to show that the marking down of values which occurred on the publication of the Bill was ridiculously exaggerated. Well, Sir, of the numerous critics who admit the logic and justice of the principle of the Bill many go on to say that it is entirely premature, and, in particular, they complain that the Legislature is being asked to endorse the principle before the financial picture has been placed before them. In my opening speech, Sir, I recognised that there was considerable force in this complaint and I have done what I could, consistently with the object of enabling the considerable amount of work that will have to be done on this Bill to be completed within a reasonable session, to meet that criticism. Nevertheless I am conscious that I have to some extent asked the House to concede something in advance of a full knowledge of the facts. But what is it that I have asked the House to take, so to speak, for granted? I have asked them to concede at this stage that in the present emergency the costs of the necessary measures of defence in this country must have increased considerably. I expected them, I admit, to imagine that in a time like this the rising costs of supplies have added a large sum to the normal defence expenditure of the country, that the calling up of reserves which are maintained for precisely an emergency of this character, that the bringing of such reserves on to a regular establishment must cost a great deal, that it is impossible to ignore contingent dangers to India's coasts, to her ports and harbours and the approaches to those harbours, that it is impossible to act as though we were entirely beyond the reach of enemy submarine or mine, and that the measures that must be taken with so extensive a surface as India exposes would necessarily be expensive. I admit I have asked the House to imagine that such increase as has already been made and as is contemplated in the Indian Air Force by the constitution of an Indian Auxiliary Force will involve considerable sums, that the embodiment of Indian territorial regiments and the creation of further units of that kind must add considerably to the bill. Those were facts which, I admit, I did not state in detail, and which, I am afraid, it will not be possible to exhibit in very great detail at any stage, but I think that it was not entirely optimistic on my part to assume that the House would realise that, in the circumstances of the emergency, the normal cost of India's own defence, and the measures which it was necessary to take in India, would inevitably add very considerably to the defence budget as it has been in recent years. Now, Sir, on that footing,

I also expected the House to assume that the existing sources of revenue, some of which, as is well known, are adversely affected by the emergency, would not avail to cover the additional expenditure of the Government in time of war. I went on, Sir, in these circumstances to ask the House to accept the principle that, since additional expenditure must be faced, it was fair and fully justifiable that we should, in seeking to raise the revenue necessary to meet that expenditure, turn first to those classes of the community which found themselves not worse off as a result of that same emergency but actually a good deal better off. My point is, Sir, that while I admit that there was something unusual in the procedure of coming to the House with a measure of this character before the full statement of estimated revenue and expenditure was laid before the House, that there was a general underlying reasonableness which took that procedure out of the category in which it would otherwise quite rightly be placed, and I regret that any section of the House should have felt that I was acting with less than due courtesy or that I was in any way slighting the dignity of the House or failing to take them into a full degree of confidence. I hope, Sir, that my remarks on this subject, coupled with the fact that I was ready from the beginning to enable, not only the House, but the Select Committee, to see the financial picture before they committed themselves on the Bill, will acquit me of any intention of discourtesy and will secure for me a sympathetic appreciation of the position.

Now, Sir, I am told that the taxation of war profits in order to provide resources for war expenditure is an unexceptionable principle, but am I seeking to tax war profits, or am I seeking to tax something entirely different? My answer, Sir, is this. In time of war profits arise not merely from the direct supply of the materials of war, but from a large number of transactions which are inseparably connected with that essential feature of a war time situation. There is a general quickening of the whole tempo of economic activity, and that has its roots in the imperious demand for the necessities of war. It is not possible, Sir, to make philosophic distinctions between the degree of relation which certain industries have to the facts of war and that of others. I am prepared to admit that there may be cases,—and my friend, Sir Cowasji Jehangir, mentioned Insurance Companies,—in which it may be possible to establish a complete isolation of the fortunes of the business from the economic circumstances of the war. That is a matter on which I should be very happy to have the advice and assistance of the Members of the Select Committee. But I cannot hold out the hope that I would be prepared to go into a meticulous discrimination between industries which supply directly the needs of war and those which supply the needs of those which supply the needs of war. But it is said if you are out to tax war profits, why do you make profits taxable which arose on and after the 1st April, 1939? That, I am told, surely reveals the cloven hoof. Sir, I claim that in putting that date in the Bill I was thinking as much if not more of the interests of the taxpayer as of Government revenue. It is not an easy thing to pick out a small portion of the year, to start a period of account on any date and to say that as from this date we shall compare like with like and determine the excess. Now, the period between the 1st of April and the actual outbreak of war was, I am told on all hands, not in India a period of abnormal activity. There were no excess profits or only occasional ones, and the general condition of trade was, if anything,

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depressed. Well, Sir, I realise that, and the effect of it on my scheme of the Act was to have been to mitigate the excess which would be determined for taxation, because if a business had been losing in those few months or had been making less than the standard profits, then the effect of including those months in the chargeable accounting period was to have been to reduce the incidence of the tax. It is far worse for a business if I say to it "In four months you made an extra lakh of rupees over what you made in any four months of the standard period" than if I say to it "In nine months you made Rs. 75,000 more than you made in any nine months of the standard period". However, I will not labour this point. I am only anxious to clear myself of any charge of disingenuity in this matter. It is a point which I will place freely before the Select Committee and on which I shall be prepared to accept their opinion, but I cannot accept the argument to the extent, as my Honourable friend, Sir Cowasji Jehangir, suggested, of taking the date to the 1st of April, 1940 . . . .

**Sir Cowasji Jehangir:** Canada has done it.

**The Honourable Sir Jeremy Raisman:** . . . because then I should be definitely foregoing the application of the principle of this Bill to many months of war profits and that I cannot afford. There I say that the Honourable Member is trying to push his argument too far.

I have been told similarly that in certain matters I have departed from the basic principle of comparing like with like, and that I have tried to smuggle into the excess profits which will be liable to this tax certain normal profits which could have nothing to do with the war and which indeed represent an artificially inflated figure. The case of foreign income which only became liable to tax under the amended Act which was passed last year has been instanced, and, similarly, the change in the system of depreciation. I am prepared to accept any case in which a change, whether in the law or in the rules, has established a different basis and has operated to create an artificial increase of income, I am prepared to exclude cases of that kind from the operation of the tax to that extent. My object is that in determining the excess profits for taxation, like shall be compared with like and, wherever it can be established that the Bill departs from this principle, I am fully prepared to meet the objection. I have been told again that this Bill is a slavish imitation of the English measure and, therefore, shows a complete lack of knowledge of Indian conditions and a complete bankruptcy of imagination in the Finance Department. I admit that this Bill follows very closely the provisions of the existing English Statute—I plead guilty to that charge, but I would say in defence that it surely must be admitted on all hands that the Inland Revenue machinery of the United Kingdom is a much more efficient instrument for producing a measure of this character than any on which we can call and that it was a reasonable procedure to start with a measure which had been drafted by such competent hands and in relation to so complex a situation as is found in the United Kingdom. We did indeed endeavour to see what obvious changes were called for in order to make it suitable to the conditions of India, and in particular we inserted one clause which is not to be found in the English measure in which we

took to ourselves some power to deal with hard cases other than those which come before the Board of Referees; but we were given no credit, I notice, for that departure from the English Statute . . . .

**Sir Cowasji Jehangir:** Do you mean section 25?

**The Honourable Sir Jeremy Raisman:** Yes.

**Sir Cowasji Jehangir:** May I point out to the Honourable Member—I wish I had the opportunity of doing so when I spoke—that that section 25 is again, by (a) and (b) of it, restricted?

**The Honourable Sir Jeremy Raisman:** It may be restricted, but it is in principle an advance in that we take power to do something which otherwise could not have been done at all.

**Sir Cowasji Jehangir:** I admit that. -

**The Honourable Sir Jeremy Raisman:** Now, I come to the vexed question of standard profits, and here I have been told that I have based this measure on a comparison between a period of intense depression and the level which war-time activity has reached and will reach. It is possible no doubt to refer to the years preceding the war as periods of unrelieved depression. Nevertheless, I am acutely conscious of the fact that the options allowed in this Bill already operate to include such peaks of activity in relation to numerous important industries as to reduce the probable yield of this tax by an enormous percentage. When I said at the beginning of my speech that a closer examination of the actual position of industries and concerns had yielded some very striking facts it was precisely because of the options given in the Bill to choose the most favourable of certain alternatives that that effect is produced: it is precisely because of those options that the argument that I was taking what was on the whole a period of depression is very greatly nullified. If you look at graphs indicating the level of remunerativeness, the level of profits of particular industries in the periods which are included for standard profits in the Bill, it is extraordinary how few cases you will find where there is not a peak and a very high peak, somewhere within that period. I believe that on grounds of abstract justice the fairest thing for a measure of this kind would be to say, "Supposing the war is going to last three years, let us take an average of three years before the war and let us take an average of three years during the war and let us base the tax on the difference between those two". But the effect of such a procedure would be to increase the incidence of this tax, I make bold to say, by two, three and even four hundred per cent.; and yet stated like that in the abstract it seems a reasonable proposition and it seems as though what I have included in the Bill were less favourable to the taxpayer than that. It is an effect of the option which is given to the taxpayer to choose his peak which makes this tax a tax of enormously mitigated incidence. I cannot emphasise that too much although I know that many of those who are familiar with the details of any particular industry have already realised the importance of that fact. While I am on this point, I should

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like to say that from our own examination of this aspect of the measure we are confident that the amounts which have been talked of in relation to the yield of this tax are grossly extravagant. I cannot now anticipate what I shall have to say later in the month, but I merely throw this out now for consideration that a measure of this kind cannot yield sums of the order which people have in mind when they think of the tax as applicable to a single year or as based on a standard percentage.

Now, there is one criticism which, if it were true, would, I admit, be a serious charge against our proposal, and that is the criticism that this tax will be passed on to the agriculturist. I am firmly of opinion that that is not so. I do not want to enter into the oft debated question of whether direct taxation can be passed on, but I would merely draw my Honourable friend, Mr. Aney's attention to the fact that the number of concerns which will be operating in the field of purchase of agricultural products is such and so many of them will not be subject to the incidence of this tax that it is impossible for those who will be subject to the tax to extort it from the cultivator. My Honourable friend, Mr. Aney, also emphasised that in the United Kingdom the expenditure which the excess profits tax was raised to meet goes back into commerce and industry in the country. I claim, Sir, that practically every rupee of this tax also either has gone or will go back into the commerce, trade or agriculture of this country, because we are spending this money in India. We are spending it on paying soldiers in India or buying food for them or otherwise obtaining the necessities of Indian defence in India.

**Sir Syed Raza Ali** (Cities of the United Provinces: Muhammadan Urban). I take it, including the equipment to be purchased from England.

**The Honourable Sir Jeremy Raisman:** I said nearly every rupee. I say at the same time, as the Honourable Member is aware, that a large part of the equipment is not to be paid for by India, also a large part of the equipment for the United Kingdom is purchased here.

Now, Sir, I come to a point which was mentioned by several speakers and which was emphasised by my Honourable friend, Mr. Jinnah, and that is the question of an annual review of this tax. Sir, I claim that in putting the Bill before the House in the form in which I did I was having regard not merely to the advantage to Government but also to the position of the taxpayer. If this tax is treated purely as an annual tax, if the continuance of it is entirely dependent on the initiative of the Government, then there is an aspect which, in my opinion, it may be disadvantageous to the taxpayer. Honourable Members will have noticed,—and I emphasised it in my opening speech—that the character of this measure is such that if a concern makes less than the standard profits in any period when the tax is in force that concern is entitled either to a refund of the tax already paid or to a credit against further tax due. Now, I do not know of any way in which that assurance could be given to the taxpayer by a measure which had validity for only one year.

**Mr. M. A. Jinnah:** I did not say that. I did not say that it should be in operation only for one year. What I said was that it should be reviewed and revised, if necessary, by this House periodically.

**Dr. P. N. Banerjee** (Calcutta Suburbs: Non-Muhammadan Urban): By the Legislature and not by the Government.

**The Honourable Sir Jeremy Raisman:** I fully accept that point and what is required is some compromise so to speak or some assurance of the evening out of the tax over the period of its operation with a provision which will bring the tax before the Legislature annually.

**Mr. M. S. Aney:** Is it not a fact that the excess profits tax is a part of the Finance Act of 1940 in the United Kingdom?

**The Honourable Sir Jeremy Raisman:** I am not quite sure whether it is

**Mr. S. P. Chambers** (Government of India Nominated Official) May I say that the tax is a part of the annual Finance Act and the income-tax also is.

**The Honourable Sir Jeremy Raisman:** But there is also in England a part of that legislation which has more than annual effect. I think there is something there which goes on. Perhaps the position is like that of our Income-tax Act, the Statute is enacted until it is repealed and possibly the annual rates are to be determined in the Finance Act.

**Mr. M. A. Jinnah:** Like salt tax

**The Honourable Sir Jeremy Raisman:** However, I am quite open to examine the exact bearing of this point in Select Committee.

There is only one other point before I finish and that is the constitutional point which was raised by Mr. Lalchand Navalrai and glanced at by other speakers. The position in relation to the excess profits tax, as I understand it, is this. Excess profits tax, being in the nature of an additional tax on income, is, in relation to companies, a corporation tax. That was the position under the amended definition of corporation tax which was already before Parliament some time ago and I may say at this point that the definition of corporation tax which is at present in the Act is one which is so inappropriate as almost to be irrelevant. It is almost meaningless in relation to the Indian tax system. Therefore, it was a definition which had to be amended and an amendment was already before Parliament. The only effect of the mention of excess profits tax was to clarify the position. Excess profits tax in its relation to companies already fell within the amended definition of corporation tax. Well now, this tax will apply to a preponderating extent to companies. Now, in relation to individuals, the excess profits tax is, as Mr. Lalchand Navalrai rightly said, a tax on income and to that extent it enters into the pool of divisible income-tax and half of the tax raised upon individuals will be provincial revenue. That would not, according to our calculations, be a very large proportion of the tax. In fact, it would be a small one and probably not larger than would compensate for the effects of excess profits tax on income-tax. Therefore, the effect in

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relation to provincial revenues is slight, whichever way it works. Now, Sir, I will not traverse any more of the particular points which have been raised because I think Honourable Members all agreed that they were points for the Select Committee and I had already made it clear that I was prepared and indeed anxious to have these points considered in Select Committee. Before I sit down I would just like to say a word about the composition of the Select Committee and, if I may, to amend the names. I understand that the party wishes to substitute your name, Sir, for that of Mr. Bajnath Bajoria. I have had several suggestions regarding enlarging the Committee. I should have been very glad to be able to comply with all these suggestions but it would have resulted in a state of affairs which would have made it exceedingly difficult for the Committee to proceed expeditiously. I propose to add the following names: Sir Raza Ali, Mr. F. E. James and Sir Abdul Hamid. I have thought over carefully and discussed the inclusion of Sir Cowasji Jehangir but I have come to the conclusion, Sir, that the Committee will be fully representative of all kinds of business and that Sir H. P. Modv already represents many of the interests which Sir Cowasji would represent. I propose to add these names to the motion.

**Mr. M. A. Jinnah:** I formally move that Sir Cowasji Jehangir's name be added.

**Mr. M. S. Aney:** I move that Dr. Banerjee's name be added.

**Mr. Deputy President** (Mr. Akhil Chandra Datta): The Chair will put the names to the House one by one for their approval.

My name is substituted for that of Mr. Bajoria. The other names are Sir Raza Ali, Mr. F. E. James and Sir Abdul Hamid.

(The Assembly agreed.)

The additional name proposed is that of Sir Cowasji Jehangir.

**Some Honourable Members:** No.

**The Honourable Sir Jeremy Raisman:** I do not think there is any need to divide the House on this. I accept this. In view of the fact that I have accepted Sir Cowasji Jehangir's name, I hope that no further names will be pressed.

**Mr. M. S. Aney:** If the Honourable Member does not accept Dr. Banerjee's name, I do not press it.

**Mr. Deputy President** (Mr. Akhil Chandra Datta): First of all, the Chair will put the circulation motion.



The question is:

"That the Bill be circulated for the purpose of eliciting opinion thereon before the 15th March, 1940."

The Assembly divided

#### AYES—7

Aney, Mr. M. S.  
Banerjee, Dr. P. N.  
Lalchand Navarai, Mr.  
Maitra, Pandit Lakshmi Kanta

Malaviya, Pandit Krishna Kant  
Parma Nand, Bhai  
Som, Mr. Sutyva Kumar

#### NOES—47

Abdul Hamid, Khan Sahib Shaikh  
Ahmad Nawaz Khan Major Nawab  
Sir  
Aikman, Mr. A.  
Bajpai, Sir Guja Shankar,  
Bovle, Mr. J. D.  
Bass, Mr. L. C.  
Caroe, Mr. O. K.  
Chambers, Mr. S. P.  
Chettiar, Raja Sir S. R. M. Anna-  
malai  
Clow, The Honourable Sir Andrew  
Dalal, Dr. R. D.  
Dalpat Singh Sardar Bahadur  
Captain  
DeSouza, Dr. F. X.  
Damasta, Mr. N. M.  
Frampton, Mr. H. J.  
Gidney, Lieut.-Colonel Sir Henry  
Griffiths, Mr. P. J.  
Gwalt, Mr. E. L. C.  
Ismail Ali Khan, Kunwar Hajee  
James, Mr. F. E.  
Jawahar Singh Sarai Bahadur  
Sardar Sir  
Joshi, Mr. N. M.  
Kamaluddin Ahmed, Shams ul-  
Ulema  
Khan, Mr. N. M.

Kushalpal Singh, Raja Bahadur  
Mackown, Mr. J. A.  
Maxwell, The Honourable Sir  
Reginald  
Millet, Mr. C. C.  
Mittra, Mr. D. N.  
Mody, Sir H. P.  
Muazzam Sahib Bahadur, Mr.  
Muhammad  
Mudalhar, The Honourable Diwan  
Bahadur Sir A. Ramaswami  
Ogilvie, Mr. C. M. G.  
Oulnam, Mr. S. H. Y.  
Pillay, Mr. T. S. S.  
Rahman, Lieut.-Col. M. A.  
Raisman, The Honourable Sir Jeremy.  
Scott, Mr. J. Ramsay  
Sen Rai Bahadur G. C.  
Shahban, Mian Ghulam Kadir  
Muhammad  
Sheehy, Mr. J. F.  
Sher Muhammad Khan, Captain  
Sardar Sir  
Singh, Raja Devaki Nandan Prasad  
Sivataj Rao Sahib N.  
Spence, Sir George  
Stang, Mr. B. M.  
Zafrullah Khan, The Honourable Sir  
Muhammad

The motion was negatived.

[At this stage, Mr. President (The Honourable Sir Abdur Rahim) resumed the Chair.]

**Mr. President** (The Honourable Sir Abdur Rahim) The question is:

"That the Bill to impose a tax on excess profits arising out of certain businesses be referred to a Select Committee consisting of the Honourable Diwan Bahadur Sir A. Ramaswami Mudalhar, Mr. J. F. Sheehy, Mr. S. P. Chambers, Mr. A. Aikman, Sir H. P. Mody, Seth Haji Sir Abdoola Haroon, Dr. Sir Ziauddin Ahmad, Mr. Akhil Chandra Datta, Sir Syed Raza Ali, Mr. F. E. James, Sir Abdul Hamid, Sir Cowasji Jehangir and the Mover, with instructions to report on or before the 6th March, 1940, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five."

The Assembly divided:

# AYES—65

Abdul Ghani, Maulvi Muhammad  
 Abdul Hamid, Khan Sahib Shaikh  
 Abdullah, Mr. H. M.  
 Ahmad Nawaz Khan, Major Nawab  
 Sir  
 Aikman, Mr. A.  
 Azhar Ali, Mr. Muhammad.  
 Bajpai, Sir Girja Shankar.  
 Bhutto, Mr. Nabi Baksh Illah,  
 Baksh  
 Boyle, Mr. J. D.  
 Buss, Mr. L. C.  
 Caroe, Mr. O. K.  
 Chambers, Mr. S. P.  
 Chettiar, Raja Sir S. R. M. Anna-  
 malai.  
 Clow, The Honourable Sir Andrew  
 Dalal, Dr. R. D.  
 Dalpat Singh, Sardar Bahadur  
 Captain.  
 DeSouza, Dr. F. X.  
 Dumasia, Mr. N. M.  
 Essak Sait, Mr. H. A. Sathar H.  
 Fazli-Haq Piracha, Khan Bahadur  
 Shaikh  
 Frampton, Mr. H. J.  
 Ghasuddin, Mr. M.  
 Ghulam Bhik Nairang, Syed  
 Gidney, Lieut. Colonel Sir Henry  
 Griffiths, Mr. P. J.  
 Gwilt, Mr. E. L. C.  
 Habibur Rahman, Dr.  
 Ismail Ali Khan, Kunwar Hajee  
 James, Mr. F. E.  
 Jawahar Singh, Sardar Bahadur  
 Sardar Sir  
 Jehangir, Sir Cowasji  
 Jinnah, Mr. M. A.  
 Joshi, Mr. N. M.  
 Kamaluddin Ahmed, Shams-ul  
 Ulema

Khan, Mr. N. M.  
 Kushalpal Singh, Raja, Bahadur.  
 Mackeown, Mr. J. A.  
 Maxwell, The Honourable Sir  
 Reginald  
 Mehr Shah, Nawab Sahibzada Sir  
 Sayad Muhammad.  
 Miller, Mr. C. C.  
 Mitra, Mr. D. N.  
 Mody, Sir H. P.  
 Muazzam Sahib Bahadur, Mr.  
 Muhammad  
 Mudahar, The Honourable Diwan  
 Bahadur Sir A. Ramaswami  
 Ogilvie, Mr. C. M. G.  
 Oulsnam, Mr. S. H. Y.  
 Pillay, Mr. T. S. S.  
 Rafiuddin Ahmad Siddique, Shaikh.  
 Rahman, Lieut. Col. M. A.  
 Raisman, The Honourable Sir  
 Jeremy  
 Raza Ali Sir Syed  
 Scott, Mr. J. Ramsay  
 Sen Rai Bahadur G. C.  
 Shahban, Mian Ghulam Kadir  
 Muhammad  
 Sheehy, Mr. J. F.  
 Sher Muhammad Khan, Captain  
 Sardar, Sir  
 Siddique Ali Khan, Khan Bahadur  
 Nawab  
 Singh, Raja Devaki Nandan Prasad  
 Sivaraj, Rao Sahib N.  
 Spence, Sir George  
 Staig, Mr. B. M.  
 Umar Ali Shah, Mr.  
 Yamin Khan, Sir Muhammad  
 Zafrullah Khan, The Honourable Sir  
 Muhammad  
 Ziauddin Ahmad, Dr. Sir

# NOES—7

Aney, Mr. M. S.  
 Banerjee, Dr. P. N.  
 Datta, Mr. Akhil Chandra  
 Lalchand Navalrai, Mr.

Maitra, Pandit Lakshmi Kanta  
 Malaviya, Pandit Krishna Kant.  
 Som, Mr. Suryya Kumar

The motion was adopted.

## THE REGISTRATION (EMERGENCY POWERS) BILL

**The Honourable Sir Muhammad Zafrullah Khan** (Law Member) Sir,  
 I move:

"That the Bill to provide for the registration of certain European British subjects be taken into consideration."

Sir, as stated in the Statement of Objects and Reasons, the sole purpose of this Bill is to enable the registration of European British subjects of military age in India to be kept up-to-date by providing power to include in the register changes of address and new arrivals in India. The

register has been completed under the powers conferred by Ordinance II of 1939. That Ordinance expires at the end of this month and this Bill reproduces its provisions and continues in force the action taken under it. As things stand, it is manifestly desirable to make provision for keeping the register in an up-to-date condition. Sir, I am sure that this matter need not occupy the time of the House for more than a few minutes. Sir, I move.

**Mr. President** (The Honourable Sir Abdur Rahim) The question is "That the Bill to provide for the registration of certain European British subjects be taken into consideration"

The motion was adopted.

Clauses 2, 3, 4, 5, 6, 7, the First Schedule, and the Second Schedule were added to the Bill.

**Mr. President** (The Honourable Sir Abdur Rahim). Clause 1

**Mr. F. E. James** (Madras. European). Sir, I beg to move

"That after sub-clause (3) of clause 1 of the Bill, the following new sub-clause be inserted :

'(4) It shall be in force during the continuance of the present war and for a period

I should like the word 'of' to be substituted for the words 'not exceeding', with your permission,—

"for a period of six months thereafter"

**Mr. President** (The Honourable Sir Abdur Rahim). Amendment moved.

"That after sub-clause (3) of clause 1 of the Bill, the following new sub-clause be inserted :

'(4) It shall be in force during the continuance of the present war and for a period of six months thereafter'."

**The Honourable Sir Muhammad Zafrullah Khan**: I accept the amendment.

**Mr. President** (The Honourable Sir Abdur Rahim): The question is.

"That after sub-clause (3) of clause 1 of the Bill, the following new sub-clause be inserted :

'(4) It shall be in force during the continuance of the present war and for a period of six months thereafter'."

The motion was adopted.

**Mr. President** (The Honourable Sir Abdur Rahim): The question is.

"That clause 1, as amended, stand part of the Bill."

The motion was adopted.

Clause 1, as amended, was added to the Bill.

The Title and the Preamble were added to the Bill.

**The Honourable Sir Muhammad Zafrullah Khan**: Sir, I move:

"That the Bill, as amended, be passed."

The motion was adopted.

## THE FOREIGNERS BILL.

**The Honourable Sir Reginald Maxwell** (Home Member): Sir, I move:

"That the Bill to provide for the imposition of restrictions on foreigners be taken into consideration."

Sir, this Bill is purely a war measure and, like the Defence of India Act, which the House has already passed, it will remain in force only during the continuance of the present war and for a period of six months thereafter. It is intended to take the place of the Foreigners Ordinance which was issued on the 26th August, 1939, and will, therefore, expire on the 25th of this month. Owing to the nearness of the expiry date and the importance of continuing the action which has already been taken for the control of enemy foreigners, it must be regarded as an urgent piece of legislation.

I will explain briefly to the House the genesis of this measure. It will be noticed that the Foreigners Ordinance was issued shortly before the actual outbreak of the war. By August 26th in the last year, the international situation had so deteriorated that war seemed imminent. At that time unlike His Majesty's Government who have permanent statutory powers to control aliens under the Aliens Restriction Acts of 1914 and 1919, the Government of India's powers are limited to registration under the Registration of Foreigners Act, 1939, and to those other powers which might be obtained by the introduction of the normally dormant sections of the Foreigners Act of 1864. Under the Registration of Foreigners Act, useful work had already been done in securing complete registration of aliens and the House may be interested to hear that the total number of foreigners so registered belonging to all nationalities not exempted by executive orders was found to be 10,327. That Act, however, gave no further powers of control while sections 6 to 25 of the Foreigners Act of 1864 did little more than to provide for power to restrict travelling by foreigners in India. For war purposes, therefore, the latter Act would in any case have had to be supplemented and, for convenience of use, such powers as we wanted out of those which it contained have been incorporated in the present legislation in order to make it a self-contained measure. Provision had already been made in Part V of the Defence of India Rules for the essential powers of control over foreigners but these rules could not take effect in advance of the Defence of India Ordinance, a measure which could only be issued after the actual proclamation of emergency. In the meanwhile reports of possible sabotage or other hostile action by foreign agents and the activities of the Nazi party in India made it essential for Government to obtain powers to take precautionary action against potential enemy subjects before the actual outbreak of war; and for this reason the provisions of part V of the Defence of India Rules, together with such other rules as were necessary to make the measure a self-contained enactment, were incorporated in the Foreigners' Ordinance which was issued, as I have said, shortly in advance of the actual outbreak of war. It was originally intended to rely after the expiry of the Foreigners' Ordinance on the provisions already incorporated in the Defence of India Rules, the authority for which rests on the Defence of India Act which had already been passed by this House. Between, however, the drafting of these rules in part V of the Defence of India Rules and the issue of the Foreigners' Ordinance certain changes and addition in the contemplated provisions had been found to be necessary; and had we

had recourse to the Defence of India Rules it would have been necessary to amend those rules in some respects and also,—and this was a more serious objection,—to reissue in an amended form all the orders which had already been made under the Foreigners' Ordinance as orders under the Defence of India Rules. This operation would have given rise to various drafting complications and at the same time it would have been liable to create a certain amount of confusion as to the authority for action taken under one enactment and continued under another. For this reason Government came to the conclusion that the most satisfactory course would be to convert the Foreigners' Ordinance into an Act having the sanction of this Legislature in the same way as the Defence of India Ordinance was converted into an Act. Clause 15 of the present Bill has the same effect as section 21 of the Defence of India Act in providing for the legal continuance of action taken under the Ordinance under the authority of the present legislation. It is not necessary, I think, to take the House very far into the details of this Bill. Its only object is, as I have said, to provide Government with powers to restrict by order the entry of foreigners into British India, their departure from British India and their activities in this country. I may remind the House that all the provisions of this Bill have now been in force for nearly six months, and so far as experience has gone they have proved adequate for their purpose. We are, therefore, not considering a prospective measure but one which has actually been tried and worked. And from the fact that its working has not given rise to any complaint or difficulty during this time the House may I think rest satisfied that the Foreigners' Ordinance may safely be ratified as it stands.

Sir, I move

**Mr. President** (The Honourable Sir Abdul Rahim): The question is—  
‘That the Bill to provide for the imposition of restrictions on foreigners be taken into consideration.’

The motion was adopted.

Clauses 2 to 15 were added to the Bill.

Clause 1 was added to the Bill.

The Title and the Preamble were added to the Bill.

**The Honourable Sir Reginald Maxwell:** Sir, I move—

‘That the Bill be passed.’

**Mr. President** (The Honourable Sir Abdul Rahim): The question is—

‘That the Bill be passed.’

The motion was adopted.

## THE ROYAL INDIAN NAVY (EXTENSION OF SERVICE) BILL

**Mr. C. M. G. Ogilvie** (Defence Secretary): Sir, I move—

‘That the Bill to provide for the retention in service of certain persons enrolled for service in the Royal Indian Navy be taken into consideration.’

[Mr. C. M. G. Ogilvie.]

The Bill, Sir, is a very short and simple one and it is designed to fill up a gap which has appeared. Ratings in the Royal Indian Navy are taken into the service for a fixed period and there is at the moment no Regulation whereby, on the expiry of that period, they may be retained in the service during the continuance of the present emergency. Such a Regulation exists, of course, in the case of the other services and the reason why it does not exist in the case of the Royal Indian Navy is that when the Indian Navy Discipline Act was passed in 1934 the Indian Marine Act of 1887 was repealed, and there was no provision in the Indian Navy Discipline Act whereby a notification retaining ratings in service could be issued. This was an oversight. Until that Act was passed, that is to say, until 1934, there was such a notification. This Bill, therefore, does not impose any new liability, it merely re-imposes an old one which had lapsed. Moreover, the ratings who will be affected by the passing of this measure all joined the service when retention in an emergency was part of the conditions of service, so it is not new to them either. It is, of course, extremely necessary that at the present juncture we should not lose the services of any ratings who are trained seamen. We have none too many to cope with the very heavy task of training the very largely expanded wartime cadres. Though we cannot say for certain how many of them would not sign on again in the absence of a notification of this type we cannot take the risk of losing any at all. I may say that any service performed over and above the normal period of enrolment will count for pension and in the case of those who have earned the minimum pension it will count for enhancement.

The clauses are simple and I think require no explanation; they follow closely those of the corresponding Royal Navy notification.

Sir, I move.

**Mr. President** (The Honourable Sir Abdur Rahim). The question is:

"That the Bill to provide for the retention in service of certain persons enrolled for service in the Royal Indian Navy be taken into consideration."

The motion was adopted.

Clause 2 was added to the Bill.

Clause 1 was added to the Bill.

The Title and the Preamble were added to the Bill.

**Mr. C. M. G. Ogilvie:** Sir, I move;

"That the Bill be passed."

**Mr. President** (The Honourable Sir Abdur Rahim): The question is:

"That the Bill be passed."

The motion was adopted.

RESOLUTION *RE* AMENDMENT OF RULES GOVERNING THE  
GRANT OF TRAVELLING AND OTHER ALLOWANCES TO  
MEMBERS OF THE INDIAN LEGISLATURE.

**The Honourable Sir Muhammad Zafrullah Khan** (Leader of the House): Sir, I beg to move.

"That this Assembly recommends to the Governor General in Council to amend the rules governing the grant of travelling and other allowances to Members of the Indian Legislature so as :

- (1) to abolish the right to draw free haulage of a motor car or of a carriage and two horses from the station nearest to the Member's official headquarters or other place of residence to New Delhi and back and in addition a petrol or forage allowance at the rate of Rs. 75 per mensem for the period for which a Member is entitled to draw daily allowance with the result of leaving all Members to draw the conveyance allowance now admissible to a Member who does not bring a conveyance for his own use, and
- (2) to confine the right to the enhanced conveyance allowance of Rs. 5 per diem, now admissible to any Member who resides outside New Delhi, to such Members residing outside New Delhi as have applied for and failed to obtain Government accommodation in New Delhi."

Since this Resolution was tabled, it has been represented to me that  
4 P.M. inasmuch as the matter to which it relates affects the allowances of Honourable Members themselves they would feel embarrassed and were feeling rather bashful, though one would not have judged so from the number and nature of amendments that have been tabled, to discuss the matter in open House; and in deference to that feeling I am, therefore, prepared to accept the amendment which stands in the names of Mr. Griffiths and Mr. Bove to the effect briefly that Government should set up a committee of both Chambers of the Legislature to take this matter into consideration and to make such recommendations as they may deem fit on the matter; and inasmuch as the object of this amendment is to avoid discussion on the floor of the House, I will not say anything more about the matter.

**Mr. President** (The Honourable Sir Abdur Rahim) Motion moved.

"That this Assembly recommends to the Governor General in Council to amend the rules governing the grant of travelling and other allowances to Members of the Indian Legislature so as :

- (1) to abolish the right to draw free haulage of a motor car or of a carriage and two horses from the station nearest to the Member's official headquarters or other place of residence to New Delhi and back and in addition a petrol or forage allowance at the rate of Rs. 75 per mensem for the period for which a Member is entitled to draw daily allowance with the result of leaving all Members to draw the conveyance allowance now admissible to a Member who does not bring a conveyance for his own use, and
- (2) to confine the right to the enhanced conveyance allowance of Rs. 5 per diem, now admissible to any Member who resides outside New Delhi, to such Members residing outside New Delhi as have applied for and failed to obtain Government accommodation in New Delhi."

There are a number of amendments. Does Dr. Banerjee wish to move his amendment?

**Dr. P. N. Banerjee** (Calcutta Suburbs Non-Muhammadan Urban): No, Sir, I am not moving.

**Mr. President** (The Honourable Sir Abdur Rahim): Does Mr. Akhil Chandra Datta wish to move his amendment?

**Mr. Akhil Chandra Datta:** In view of the assurance of the Honourable the Leader of the House that he will accept a similar amendment, I do not see any charm in moving mine. I do not move.

**Mr. J. D. Boyle** (Bombay. European). Sir, I would like to move my amendment with one slight amendment, substituting the words "in both the Chambers of the Legislature" for the words "in the House". I move.

"That for the original Resolution, the following be substituted :

That this Assembly recommends to the Governor General in Council to appoint a Committee representative of all parties in both the Chambers of the Legislature to consider the necessity or otherwise of amending the rules governing the grant of conveyance allowances to Members of the Indian Legislature "

**Mr. President** (The Honourable Sir Abdur Rahim) The question is

"That this Assembly recommends to the Governor General in Council to appoint a Committee representative of all parties in both the Chambers of the Legislature to consider the necessity or otherwise of amending the rules governing the grant of conveyance allowances to Members of the Indian Legislature "

The motion was adopted.

### THE DRUGS BILL.

**Sir Girja Shankar Bajpai** (Secretary Department of Education, Health and Lands). Sir, I beg to move

"That the Bill to regulate the import, manufacture, distribution and sale of drugs be referred to a Select Committee consisting of Maulvi Muhammad Abdul Ghani, Dr. Habibur Rahman, Mr J. D. Boyle, Sir Henry Gidney, Mr. S. K. Som, Dr. R. D. Dalal, Lieut.-Colonel M. A. Rahman, Mr S. H. Y. Oulsnam and the Mover, with instructions to report on or before the 1st of March, 1940, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five "

I do not think it is necessary to inflict a long speech upon the House in support of this motion. It will be within the recollection of most Honourable Members that in 1937 I had the privilege of introducing a Bill for the purpose of regulating only the import of drugs into this country. That Bill was subsequently referred to a Select Committee which in September, 1938, reported to this House that the original Bill be not proceeded with, and that the Provincial Legislatures be asked to authorise the Central Legislature to enact legislation which would have the effect of regulating not merely the imports of drugs from abroad but also the manufacture and distribution of drugs in this country. It took a little time for us to secure the requisite authority from the Provincial Legislatures, but the House will be glad to learn that all Provincial Legislatures have given us the requisite authority. The Bill which I am now commending for reference to a Select Committee, therefore, has had its scope extended to include also the control of the manufacture and distribution of drugs. Sir, I move

**Mr. President** (The Honourable Sir Abdur Rahim): The question is -

"That the Bill to regulate the import, manufacture, distribution and sale of drugs be referred to a Select Committee consisting of Maulvi Muhammad Abdul Ghani, Dr. Habibur Rahman, Mr J. D. Boyle, Sir Henry Gidney, Mr. S. K. Som, Dr. R. D. Dalal, Lieut.-Colonel M. A. Rahman, Mr S. H. Y. Oulsnam and the Mover, with instructions to report on or before the 1st March, 1940, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five "

The motion was adopted.



## THE OFFENCES ON SHIPS AND AIRCRAFT BILL.

**The Honourable Sir Reginald Maxwell** (Home Member): Sir, I move

"That the Bill to extend the operation of the criminal law to offences committed on ships or aircraft registered in British India wherever they may be, be taken into consideration"

The House will remember, Sir, that at its last Session, it passed an Act to amend the Indian Aircraft Act of 1934 for certain purposes. By one of the provisions of that Act it has made the Indian Aircraft Act of 1934 applicable to persons on aircraft registered in British India wherever they may be. By another provision it has taken power through the Governor General in Council to make rules providing for the investigation of any accident arising out of air navigation anywhere on aircraft registered in British India. This legislation, I may remind the House, was passed in exercise of the power to pass laws having extra-territorial operation which has been supplied to the Federal Legislature by section 99 of the present Government of India Act, and the present Bill is an exercise of similar power designed to bring section 188 of the Criminal Procedure Code and section 4 of the Indian Penal Code into harmony with the law already passed relating to aircraft; and for purposes of convenience ships have been mentioned in the same Bill, because it is necessary to make the British Indian Courts competent to deal with offences committed on ships beyond what would otherwise be their jurisdiction. I do not think the House will need me to explain this measure any further. Sir, I move

**Mr. President** (The Honourable Sir Abdur Rahim): The question is

"That the Bill to extend the operation of the criminal law to offences committed on ships or aircraft registered in British India wherever they may be, be taken into consideration"

The motion was adopted

Clauses 2 and 3 were added to the Bill.

Clause 1 was added to the Bill.

The Title and the Preamble were added to the Bill

**The Honourable Sir Reginald Maxwell**: Sir, I move:

"That the Bill be passed"

**Mr. President** (The Honourable Sir Abdur Rahim): The question is

"That the Bill be passed"

The motion was adopted

The Assembly then adjourned till Eleven of the Clock on Wednesday, the 14th February, 1940



# LEGISLATIVE ASSEMBLY

Wednesday, 14th February, 1940

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. President (The Honourable Sir Abdur Rahim) in the Chair.

## MEMBER SWORN

Mr. Cecil James Wingate Lillie, M L A , (Government of India: Nominated Official).

## STARRED QUESTIONS AND ANSWERS

### (a) ORAL ANSWERS

#### PERSONS RETRENCHED FROM THE INCOME-TAX DEPARTMENT, PUNJAB

**70. \*Sardar Sant Singh:** (a) Will the Honourable the Finance Member please state how many persons were retrenched in the Punjab from the Income-tax Department in 1936 on account of discontinuation of taxation on incomes below Rs. 2,000?

(b) Is it a fact that by circular No 483, dated the 24th April, 1936, the availability of these retrenched clerks was brought to the notice of the heads of various Departments by the Commissioner of Income-tax, in anticipation that for any recruitments in a like grade the Departments will consider their claims and experience? If so, is it a fact that it was left open to them to waive the usual age bar under the Civil Service Regulations, Article 51? If so, is it a fact that subordinate appointing officers were warned against being "Departmentally minded" and biased against the claims of these men to priority of consideration and hope was expressed that "no section of Government service" would take men of no higher ability or qualifications in posts for which these retrenched men may be candidates?

(c) If the reply to parts (a) and (b) be in the affirmative, will Government kindly lay on the table a statement showing (i) the names of the retrenched persons, with their qualifications, (ii) the names of persons re-employed, with their age at the time of re-appointment, and (iii) the names of persons newly employed since the 24th April, 1936, in the Punjab in the Income-tax Department and the reasons for ignoring the contents of the above circular No. 483, dated the 24th April, 1936, and the claims of the retrenched hands in each case?

(d) What action do Government propose to take in respect of retrenched persons who are still unemployed?

**The Honourable Sir Jeremy Raisman:** (a) 96.

(b) Yes.

(c) Twenty retrenched clerks have been re-employed in the Income-tax Department, Punjab Government are not aware of the number re-employed in other offices. The number of newly employed clerks is four. I do not consider it desirable in the public interest to state the names, etc., of the persons retrenched, re-employed and employed in the Income-tax Department, or to give the reasons for the employment of individuals in each case.

(d) Their claims will be duly considered when vacancies occur.

**Sardar Sant Singh:** Is it a fact that, while the age bar limit was to be waived, some of the retrenched men applied for re-employment, and this age bar was pleaded as an excuse for not re-employing them?

**The Honourable Sir Jeremy Raisman:** I am not aware of that.

**Sardar Sant Singh:** Will the Honourable Member instruct the authorities in the Punjab not to insist upon this age bar?

**The Honourable Sir Jeremy Raisman:** I have already indicated that it was left open to them to waive the usual age bar.

**Mr. Lalchand Navalrai:** May I know from the Honourable Member if this retrenchment is going on in other provinces also?

**An Honourable Member:** That does not arise out of this question.

**Mr. Lalchand Navalrai:** May I know if those people who have been retrenched have been kept on the waiting list or if they will be treated as new incumbents?

**The Honourable Sir Jeremy Raisman:** Yes, they are on the waiting list.

**Dr. Sir Ziauddin Ahmad:** With reference to the supplementary question of my Honourable friend, is this practice not only in this particular case but elsewhere also—namely, that, first, persons are retrenched, then they have got to apply for re-employment, and when they do apply for re-employment, the age bar rules do not permit of their being re-employed? This is the practice, and I request the Honourable Member to make enquiries so that this grievance may be removed.

**The Honourable Sir Jeremy Raisman:** When Government specifically state that certain retrenched men shall be considered for re-employment irrespective of age, then I have no reason to think that the officers to whom such instructions are issued do not act accordingly.

**Mr. Lalchand Navalrai:** May I know from the Honourable Member if clerks are retrenched and the number of officers is increased?

**The Honourable Sir Jeremy Raisman:** I shall require notice of that.

#### PERSONS DETAINED UNDER REGULATION III OF 1818.

**71. \*Sardar Sant Singh:** (a) Will the Honourable the Home Member be pleased to state the number of persons detained under Regulation III of 1818 and the period of detention in each case?

(b) Is it a fact that a memorial signed by very influential persons of the Punjab was submitted to Government for release of the *ex*-Maharajah of Nabha? If so, what action has been taken by Government on that memorial?

**The Honourable Sir Reginald Maxwell :** (a) Twenty-six. The periods of detention have not been specified.

(b) The detention of the *ex*-Maharaja has been ordered in exercise of the functions of the Crown in its relations with Indian States. The Central Government have received no such memorial.

**Sardar Sant Singh :** May I know if the Honourable Member has made enquiries from the Foreign and Political Department if any such memorial was received from the Punjab recently?

**The Honourable Sir Reginald Maxwell :** No. It is not our business.

**Sardar Sant Singh :** May I know whether the continuous detention of the *ex*-Maharaja of Nabha will go on for an indefinite period when it has gone on already for the last 14 years?

**The Honourable Sir Reginald Maxwell :** I have no knowledge on the subject.

**Sardar Sant Singh :** Which Department will know about the period of detention?

**Mr. President** (The Honourable Sir Abdur Rahim) Next question.

**MEMBERS OF THE ARMY IN INDIA RESERVE OF OFFICERS AND RETIRED OFFICERS OF THE INDIAN MEDICAL SERVICE RECALLED TO INDIA OWING TO THE OUTBREAK OF WAR**

**72. \*Mr. F. E. James :** Will the Secretary for Defence be pleased to state—

- (a) how many (i) members of the Army in India Reserve of Officers, and (ii) retired officers of the Indian Medical Service, were recalled to India owing to the outbreak of war;
- (b) how many of the above officers obtained employment in India;
- (c) how many were returned to the United Kingdom on the ground that no suitable employment could be found for them or for any other reason; and
- (d) what arrangements have been made for the pay of those officers who were recalled to India but were returned to the United Kingdom as not being wanted, or for any other reason?

**Mr. C. M. G. Ogilvie :** (a) (i) 24 officers and officers-designate.

(ii) 29.

(b) Nine A. I. R. O. officers and 29 I.M.S. officers.

(c) Three I.M.S. officers have so far been returned.

(d) They received pay as re-employed officers while employed and, on release, reverted to pension.

**Mr. F. E. James:** With reference to the answer to part (b) of the question, what has happened to the other A. I. R. O. officers who have not been found employment?

**Mr. C. M. G. Ogilvie:** They have reverted to their civil occupations in India pending their being called up if required.

**Mr. F. E. James:** With regard to the answer to part (d) of the question, have any arrangements been made in regard to passage allowances of those officers who were returned to the United Kingdom as not being wanted?

**Mr. C. M. G. Ogilvie:** I shall require notice of that

**Dr. Sir Ziauddin Ahmad:** May I ask if any Indian officer in the I.M.S. deputed to a province on tenure posts is returned to the medical department, will he be taken up again by the Army Department or what will happen?

**Mr. C. M. G. Ogilvie:** I cannot see that that arises from this question.

**Mr. F. E. James:** Is the Honourable Member aware that there were cases of officers who were recalled from the United Kingdom and on arrival in India told to join their civil occupation while, in fact, they had no civil occupation?

**Mr. C. M. G. Ogilvie:** I am aware of only two such cases to the best of my knowledge and belief, and in those, the officers concerned were not actually officers of the A I R O but wished to become so and in both the cases I have in mind they subsequently received commission.

**Dr. Sir Ziauddin Ahmad:** The Defence Secretary said that this question does not arise. We are discussing the question of deputation of I M. S. to the civil side and we are discussing in this question, if the civil side do not require them, what happens to those officers?

**Mr. C. M. G. Ogilvie:** The question of the relations of the civil and military departments to the I M. S. is certainly not covered by this question. If the Honourable Member wishes to have details of any particular circumstances regarding reversion from the civil to the military employment I shall be happy to give them to him on receiving notice.

**Mr. F. E. James:** Will the Honourable Member look into the matter of the machinery for the calling up of A I R. O. officers in view of the fact that more than three to my knowledge were recalled from England as officers of the Reserve and when they arrived here they were told they were not officers of the Reserve, but were either over-age or did not belong to the category under which they were called up? I think there is certainly something wrong in the India Office

**Mr. C. M. G. Ogilvie:** I should be very happy to make the enquiries which the Honourable Member suggests. I am aware that in the hurly burly of the first days of the war some people were sent out who were not needed.

**Sardar Sant Singh:** May I know if there is any proposal of the Army Department to recall, first, those officers of the I. M. S. who are employed in the civil department, to the army, and the civil department will be left in charge of civil medical officers?

**Mr. C. M. G. Ogilvie:** I cannot see how it arises out of this question.

**Mr. J. D. Boyle:** May I ask who pays, whether it is His Majesty's Government or the Government of India, for the mistakes that were made in calling out officers who were then returned to civil life?

**Mr. C. M. G. Ogilvie:** The Government of India will pay for this recall. The amounts at stake considering the magnitude of the numbers and the gravity of the emergency, are not large.

#### TRAINING OF PILOTS AND AIR CREW IN INDIA

**73. \*Mr. F. E. James:** Will the Defence Secretary be pleased to state:

- (a) whether his attention has been drawn to the statement by the Secretary of State for Air in the House of Commons on the 10th October, with regard to the arrangements made with the Dominions for the rapid expansion of the training organisation for pilots, observers and air gunners required first for the considerable enlargement and then for the maintenance on the enlarged basis of the air forces of the respective countries, this to be combined with the expansion of the production of aircraft in the Dominions concerned;
- (b) if India was asked to co-operate in this scheme, and if she is, in fact, co-operating;
- (c) what arrangements are now in force in this country for the training of pilots and air crew for the Royal Air Force in India and for the Indian Air Force; and
- (d) if the personnel so trained in India will be eligible to receive the advanced training which, by agreement with the Dominions, is now being given in Canada to personnel from the elementary training schools in other parts of the Empire?

**Mr. C. M. G. Ogilvie:** (a) Government have seen the press report.

(b) India has not yet been asked to co-operate in this scheme in so far as it affects activities outside India. Our war effort at the moment is the training of officers and airmen to make deficiencies good in the Air Force units in India *plus* recruitment and training of officers and airmen for the units of the Indian Air Force Volunteer Reserve.

(c) One Royal Air Force Squadron has been converted into a Flying Training Squadron and pilots are being trained there for the Indian Air Force Volunteer Reserve. A few pilots have gone out of India to a Royal Air Force Flying Training School, for advanced training. A Technical Training School has also been formed at Ambala for training other ranks in trades required for the Royal Air Force and the Indian Air Force.

(d) The existing facilities in India are being used to provide both elementary and advanced training for the numbers now required.

**Mr. F. E. James:** With regard to (d) my point is as to whether officers of the Indian Air Force in this country are eligible to receive the advanced training which is now given at the Empire School in Canada along with officers of other Air Forces?

**Mr. O. M. G. Ogilvie:** I answered that in part (b). I said "India has not yet been asked to co-operate in this scheme".

**Mr. F. E. James:** That is not quite my point. My point is as to whether officers of the Indian Air Force are eligible to receive the training which is open apparently to the air forces of other dominions at this advanced training centre.

**Mr. O. M. G. Ogilvie:** I am still quite unable to grasp what the Honourable Member's differentiation is. Pilots of the Indian Air Force are eligible to receive any kind of advanced training and they do receive it. The point is that we have not yet been asked to send in any of them to the Empire Training School in Canada.

**Mr. F. E. James:** Does not the Honourable Member think that at the present stage of the air defences of this country, officers of the Indian Air Force should receive the advanced training which is given at the Empire School.

**Mr. O. M. G. Ogilvie:** Again I think there is a misunderstanding. There is no particular kind of advanced training given at the Empire School and the pilots we have are receiving equally good training with the Air Force Squadron here and the Royal Air Force Flying Training School. There is no difference in the training whatever.

**Mr. M. S. Aney:** Am I right in understanding that the pilots trained in India have the same kind of training as the pilots trained at the training centre in Canada?

**Mr. O. M. G. Ogilvie:** Yes.

**Mr. M. S. Aney:** They are eligible for holding the same kind of offices in the Air Force?

**Mr. O. M. G. Ogilvie:** Entirely.

**APPOINTMENT OF MAJOR J. H. RILEY IRVING AS EXECUTIVE OFFICER OF THE PESHAWAR CANTONMENT**

**74. \*Sardar Sant Singh:** (a) Will the Defence Secretary be pleased to state whether it is a fact that one Major J. H. Riley Irving who was a Cantonment Magistrate in the past, has been appointed Executive Officer of Peshawar Cantonment?

(b) Is it a fact that this officer retired from service and has been re-appointed on contract?

(c) Is it a fact that he is drawing more than Rs. 500 as pay which is the maximum in the case of Executive Officers? If so, why?

**Mr. O. M. G. Ogilvie:** (a) Yes



(b) The answer to the first part of the question is in the affirmative. As regards the second part, the officer was appointed a member of the Cantonment Executive Officers Service under Rule 32 of the Cantonment Executive Officers Service Rules, 1937, a copy of which is in the Library of the House.

(c) He is drawing Rs. 700 per mensem which is the maximum selection grade pay.

**Sardar Sant Singh:** May I know why a retired officer was employed and why not a new man in these days of unemployment?

**Mr. C. M. G. Ogilvie:** He was not employed in the new Cantonments Service constituted in 1938, as he was considered suitable for the duties of an executive officer rather than those of a supervisor of military lands.

**Sardar Sant Singh:** My point is different. Could not a fresh man be appointed instead of a retired man?

**Mr. C. M. G. Ogilvie:** The point is that he was not retired in the ordinary way. He was doing his service quite satisfactorily and it was decided to retain him as an executive officer. He would not normally have retired but for the re-organisation

**Sardar Sant Singh:** In answer to (b), the Honourable Member said that the answer is in the affirmative. If he has retired from service, may I know why no other suitable man was found to fill this post?

**Mr. C. M. G. Ogilvie:** The point is that the retirement was not a normal retirement. The Honourable Member will doubtless recollect that the Cantonments Service was re-constituted in 1938. All the regular officers of the old Cantonment Service were retained in service where it was possible to do so but a certain number had to be retrenched as the numbers were reduced and for one of those retrenched, a post of executive officer, for which he was very well suited, was found and very properly found.

**Sardar Sant Singh:** What was the pension given to this gentleman on his retirement?

**Mr. C. M. G. Ogilvie:** I must ask for notice of that

#### ELECTION RULES IN CANTONMENTS

**75. \*Sardar Sant Singh:** (a) Will the Defence Secretary be pleased to state whether it is a fact that separate election rules exist for different cantonments and different sets of cantonments situated in the various provinces?

(b) Is it a fact that in none of these rules there is a provision for the system of coloured boxes?

(c) Is it a fact that the conduct of elections, hearing of objections, and election petitions have been left to the Military Officers to be appointed by the Officer Commanding the stations?

(d) Is it also a fact that the powers of the Magistrates with regard to elections to Cantonment Boards have been withdrawn by the Government of India by amendments of those rules?

(e) Have the Government received any representation from the All-India Cantonments Association on the subject? What steps do Government propose to take in the matter?

**Mr. C. M. G. Ogilvie:** (a) There are separate Electoral Rules for Cantonments in different Provinces, Indian States and Administered Areas.

(b) Yes

(c) The elections in Cantonments are conducted by the Presidents of the Cantonment Boards or where a Board has not been constituted by the Officers Commanding the Station, who have powers to entrust their duties to any person who need not necessarily be a military officer.

(d) Yes.

(e) The All-India Cantonments Association forwarded to the Government of India a representation from certain residents of Allahabad Cantonment on the question of introducing the coloured box system, and this is now under the consideration of Government.

#### BYE-LAWS PROHIBITING THE LETTING OUT OF OUT-HOUSES OF BUNGALOWS IN THE MEERUT CANTONMENT

**76. \*Sardar Sant Singh:** (a) Will the Defence Secretary be pleased to state whether it is a fact that the Meerut Cantonment Board has recently framed bye-laws prohibiting, except with the sanction of the Cantonment Board, the letting out of out-houses of bungalows in the Meerut Cantonment to persons other than the domestic servants of the bungalows and requiring them to send the names of the occupiers of such out-houses to the Executive Officer?

(b) Under what provision of law the Cantonment Board has framed such bye-laws?

(c) Is it a fact that the proposal to frame bye-laws emanated from the Eastern Command, who compelled the Board to frame such bye-laws? What steps do Government propose to take in the matter?

**Mr. C. M. G. Ogilvie:** (a) The bye-law prohibits the occupation of servants quarters or out-houses attached to vacant bungalows by other than the *ma'i*, sweeper and chowkidar of the bungalow and their families and requires the names of the above to be sent to the Executive Officer. It also requires the sanction of the Board to be obtained by a tenant of an occupied bungalow before leasing out-houses which are in excess of his own requirements.

(b) Clause (28) of section 282 of the Cantonments Act, 1924.

(c) The answer to the first part is in the negative and to the second part none.

# INCONVENIENCES AND IRREGULARITIES OF THE WORKING OF THE INCOME-TAX DEPARTMENT IN SIND

**77. \*Mr. Lalchand Navalrai:** (a) Has the attention of the Honourable the Finance Member been drawn to the editorial of the *Daily Gazette*, Karachi, dated Wednesday, the 4th October, 1939, showing the inconveniences and irregularities of the working of the Income-tax Department in Sind, and if so, what action have Government taken in connection therewith?

(b) Have Government made any rules or orders which take into consideration the convenience of persons in the mofussil who are not able to keep regular accounts and cannot engage the services of an accountant, in the matter of furnishing the return of their income to the Income-tax Officers? If so, what?

(c) Have Government made any orders for production of account books of foreign income of foreign traders? Are they allowed to prepare and produce a certified copy of the balance sheets from foreign authorities and is it accepted by the Income-tax Officers in India; if not, why not?

**The Honourable Sir Jeremy Raisman:** A report has been called for and a reply will be laid on the table of the House in due course.

**Mr. Lalchand Navalrai:** In view of the fact that in the mofussil, there are no accountants or other qualified men who may appear as representatives of the assesseees, will the Honourable Member make rules prescribing lesser qualifications for those who live in the mofussil for the help of the assesseees?

**The Honourable Sir Jeremy Raisman:** The question of the actual administration of the Act in matters of this kind is one within the discretion of the Commissioners and until I get a report from the Commissioner on this subject I cannot really say what the position on this point is.

**Mr. Lalchand Navalrai:** My point is this. Rules have now been framed by the Central Board of Revenue prescribing certain qualifications for the persons who help the assesseees before the Income-tax Officers. The qualifications prescribed are very high. They must pass examinations from England or pass an accountant's examination. What I want is that for the convenience of the assesseees in the mofussil, the rules should be modified, so as to make it easy for the assesseees to take advantage of the help that is available.

**The Honourable Sir Jeremy Raisman:** The rules were published for criticism and are intended to carry out the purposes of the Act. I cannot, I am afraid, hold out any hope to the Honourable Member that we should be prepared to lower the standard.

**Mr. Lalchand Navalrai:** May I therefore inquire from the Honourable Member if he will ask the Commissioner to consider this question and make a report to the Honourable Member so that he will be in a position to ask the Central Board of Revenue to amend the rules?

**The Honourable Sir Jeremy Raisman:** The Honourable Member's question has already been sent to the Commissioner for a report on the

state of affairs in Sind, and I have no doubt that if he feels that anything is called for of that nature, he will draw the attention of the Board to it

#### LOTTERY TICKETS ISSUED FROM GOA

**75. \*Bhai Parma Nand:** (a) Will the Honourable the Home Member be pleased to state whether Government are aware that although the system of lotteries is not permitted by law in British India the lottery tickets issued from Goa are sold in cities, towns and even villages of India and that accordingly nearly a crore of rupees are exported to Goa from India?

(b) Are Government prepared to devise some means in order to stop this drain from India?

**The Honourable Sir Reginald Maxwell:** (a) Government are aware of the practice referred to, but have no information as to the extent of the evil

(b) Government have already taken steps in this direction. Importation into British India through the post of circulars relating to lotteries is prohibited under the existing rules of the Post Office. The Government of India have no power to stop lotteries in Goa.

**Mr. Lalchand Navalrai:** May I inquire from the Honourable Member, in view of the fact that those lotteries in some places are being considered as legalised and in some places in India they are considered as being not legalised and there is rather a propaganda that certain lotteries, though they are not authorised, are going on in India, whether, in order to clarify all this, he will issue a circular to show which of the lotteries are authorised and which are not authorised, and whether the Goa lotteries are authorised or not, so that people may come to know which lotteries are authorised and which are not?

**The Honourable Sir Reginald Maxwell:** The administration of section 294 of the Indian Penal Code now rests with the Provincial Governments.

**Mr. Lalchand Navalrai:** Will the Honourable Member therefore ask the Provincial Governments to take some steps because in this case the public are being misguided . . .

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member need not make a speech

**Mr. Lalchand Navalrai:** May I ask the Honourable Member if he will ask the Provincial Governments . . . . .

**The Honourable Sir Reginald Maxwell:** The Government of India have no power to interfere with the Provincial Governments on that subject, but I am not aware that a large number of lotteries are being authorised under section 294-A of the Indian Penal Code. That section makes any lottery carried on locally an offence unless the lottery has been authorised by the Government.

**Mr. Lalchand Navalrai:** Will the Honourable Member take it from me that some of the lotteries are authorised and those people are not being prosecuted and very rightly, but under that cloak, others are being saved. Therefore, I am asking.....

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member is giving his opinion and making a speech. Next question.

#### RETRENCHMENT OF A CANTONMENT BOARD EMPLOYEE

**79. \*Bhai Parma Nand:** (a) Will the Defence Secretary be pleased to state whether rule 8 (1-E) of the Cantonment Fund Servants Rules, 1937, authorises the Cantonment Board to retrench an employee, otherwise than in pursuance of a reduction or revision of the establishment?

(b) Is any principle kept in view when applying the above revision?

**Mr. C. M. G. Ogilvie:** (a) No.

(b) Yes, economy and efficiency.

**Bhai Parma Nand:** May I ask if Government are prepared to receive representations from people for consideration of their case, and, if so, may I give an instance?

**Mr. C. M. G. Ogilvie:** The Government are always prepared to consider representations.

**Bhai Parma Nand:** Is the Honourable Member aware that in the Cantonment Board of Multan a teacher in the Cantonment School was retrenched without any reason being given, and when he sent a memorial to the Government, no consideration was paid to it?

**Mr. C. M. G. Ogilvie:** I would draw the Honourable Member's attention to the fact that the consideration of a memorial does not necessarily mean its acceptance.

#### LEVY OF TAXES ON PROFESSIONS, ETC., IN THE MADRAS PRESIDENCY

**80. \*Mr. F. E. James:** Will the Honourable the Finance Member be pleased to state

(a) whether the Government of India were consulted as to the terms of the Government of India and Burma (Miscellaneous Amendment) Bill which was recently discussed in the British Parliament;

(b) whether, in particular, the Government of India were consulted with regard to clause 2 of that Bill which makes clear the distinction which Parliament intended should be drawn between taxes on income on the one hand and taxes on professions, trades, callings and employments on the other;

(c) whether the Government of India consulted the Madras Government as to the desirability of applying the maximum provided in this clause with respect to taxes on professions, trades, callings and employments to the existing profession tax levied in the Madras Presidency, and if not, why not;

- (d) whether the Government of India are aware that the profession tax levied by the Madras City, District Municipalities and Local Boards Acts in the Madras Presidency is based upon income and has an incidence, which is in some cases equivalent to a ten per cent surcharge upon income-tax; and
- (e) whether, in view of the desirability of uniformity throughout British India in this matter, the Government of India propose to consult the Madras Government as to the desirability of introducing the necessary legislation in pursuance of the provisions of section 143 (2) of the Government of India Act, 1935?

**The Honourable Sir Jeremy Raisman:** (a) and (b). The Government of India were consulted in regard to the terms of the India and Burma (Miscellaneous Amendments) Bill except in regard to clause 2

(c) Does not arise

(d) Yes.

(e) The Government of India do not propose to take any initiative in the matter.

**Mr. F. E. James:** Do I understand that the answer to part (e) of my question means that the Government of India have at present no views on the subject, but are prepared to consider views if the Madras Government take the initiative?

**The Honourable Sir Jeremy Raisman:** I have answered the question put down by the Honourable Member, I cannot say anything more.

**Mr. F. E. James:** Surely I am entitled to get an answer to a supplementary question and I want the Honourable Member to make it quite clear as to whether the Government of India have any views on the matter themselves at present, or whether they are prepared to leave it to the initiative of the Madras Government?

**The Honourable Sir Jeremy Raisman:** The question is really hypothetical. What the Honourable Member asks me to say is this. "if the Madras Government should approach the Government with a proposal, will the Government of India be prepared to consider it favourably?" But that is hypothetical

**Mr. F. E. James:** Are the Government of India aware of any special reasons why they were not consulted by the British Government with regard to the terms of clause 2 of the Bill in so far as that particular clause affected the revenues of the Provinces?

**The Honourable Sir Jeremy Raisman:** No, Sir; I cannot indicate any particular reason why that should be so.

**Mr. F. E. James:** Am I to understand that no consultation whatsoever took place between His Majesty's Government and the Government of India with regard to clause 2 of that Bill?

**The Honourable Sir Jeremy Raisman:** I have already given the answer to that point.

**Mr. M. S. Aney:** Did not the Government bring this matter prominently to the notice of His Majesty's Government for the sake of having some kind of amendment to this Government of India Act? Is not the amendment to that Act being made by Parliament on some kind of representation made by the Government of India in this matter?

**The Honourable Sir Jeremy Raisman:** It was not really a matter which came to the Government of India as such. The Honourable Member will remember that what happened is that a Provincial Bill was enacted; it was before the Governor for assent; and it did not concern the Government of India as such.

**Mr. F. E. James:** May I take it that the Governor General was consulted?

**The Honourable Sir Jeremy Raisman:** The Honourable Member is at liberty to infer that.

**Mr. N. M. Joshi:** May I ask whether the Government of India will state what their policy is as regards consulting public opinion in India regarding changes which are being made in the Government of India Act.

**The Honourable Sir Jeremy Raisman:** That is a very wide, general question. It is not a point of policy.

**Mr. N. M. Joshi:** May I ask whether the Government of India do not accept the principle that the public in India is interested in changes in the Government of India Act and whether they propose to consult public opinion in India, and in what way?

**The Honourable Sir Jeremy Raisman:** The state of public opinion in India on points which arise in connection with the Government of India Act is certainly taken into consideration.

**Mr. N. M. Joshi:** May I ask whether the Government of India will consider the question of consulting the Indian Legislature regarding the changes which are being made in the Government of India Act?

**The Honourable Sir Jeremy Raisman:** Questions concerning the amendment of the Government of India Act are questions finally for Parliament.

**Mr. N. M. Joshi:** May I ask whether the changes in the Government of India Act are not primarily for the public in India?

**Dr. Sir Ziauddin Ahmad:** May I ask if the Government of India are aware of very great dissatisfaction that is now being felt in the provinces on account of this double taxation of the same income, the Government of India charging income-tax in one name and the provinces charging another tax on the same income under a different name? Are the Government of India aware of it?

**The Honourable Sir Jeremy Raisman:** I am quite prepared to take it from the Honourable Member that there is considerable feeling on that point.

**Dr. Sir Ziauddin Ahmad:** If the Government of India agree that there is dissatisfaction, then how do the Government of India propose to remove it?

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member is asking for opinion.

**Dr. Sir Ziauddin Ahmad:** I am asking the Honourable the Finance Member whether the Government of India have taken any action in this matter. Have they, for instance, represented this view to the Parliament to make the necessary changes in the Government of India Act, 1935?

**The Honourable Sir Jeremy Raisman:** The position is that there was no uniformity as between provinces prior to the amending Bill out of which this question arises or even prior to the passing of the Government of India Act. The amending Bill merely retains the state of affairs which had long been in existence and it is subject to power of alteration by the Federal Legislature on the lines of the provisions embodied in section 143(2) of the Act.

**Mr. F. E. James:** May I ask, Sir, one final supplementary question? May I ask whether the Government of India will give consideration to the advisability of introducing legislation with a view to obtaining uniformity in the matter throughout the provinces, as it is within the purview of this Legislature so to do?

**The Honourable Sir Jeremy Raisman:** If the Government of India feel that there is a widespread demand for that, they would certainly be prepared to examine the question.

**81. \*Dr. Sir Ziauddin Ahmad:** Sir, I do not propose to ask question No. 81 as the legislation on this subject has already been introduced since the notice of question was given.

#### MILITARY FORCES REQUISITIONED BY PROVINCES

**82. \*Dr. Sir Ziauddin Ahmad:** (a) Will the Defence Secretary be pleased to state the number of times military forces were requisitioned by Provinces in the calendar year 1939?

(b) Will he please mention the dates on which military forces were sent and the reasons for the requisition?

(c) Will Government be pleased to lay on the table a copy of the rules governing the use of military forces for maintenance of law and order?

**Mr. C. M. G. Ogilvie:** (a) and (b). I refer the Honourable Member to my reply to his starred question No. 36 of 8th instant and lay on the table a statement showing the additional information now asked for.



(c) The statutory authority for the use of military forces to maintain law and order is the Code of Criminal Procedure. Further instructions are contained in the Regulations for the Army in India, Instructions 565 to 568, and the Manual of Indian Military Law, Chapter VII, copies of which are in the Library of the House.

(i) *Occasions on which troops moved out of barracks at the request of the Civil authorities during October, November and December 1939*

Date.	Province.	Place.	Nature of disturbance.
(1) 4/6 October . . .	U. P. . . .	Meerut . . .	Communal.
(2) 7/9 October . . .	N.-W. F. P. . .	Kohat . . .	Tribal unrest.
(3) 10/16 October . . .	U. P. . . .	Aligarh . . .	No details available.
(4) 27 October . . .	U. P. . . .	Cawnpore . . .	Communal.

N. B.—In addition to the above, troops were either called out or ordered to “stand to” on many occasions during October 1939 in the neighbourhood of Meerut and Lucknow in connection with the Khaksar agitation.

(5) 10/13 November . . .	N.-W. F. P. . .	D. I. Khan . . .	Communal
(6) 16 Nov./31 Dec. . .	Sind . . . .	Sukkur . . . .	Communal.
(7) 11/12 December . . .	C. P. . . . .	Jubbulpore . . .	Communal.

(ii) *Occasions on which troops stood to at the request of the Civil authorities during October, November and December 1939*

(1) 15 October . . . .	U. P. . . . .	Dehra Dun . . .	Threat of communal disturbances.
(2) 15/16 October . . .	Sind . . . . .	Karachi . . . .	Communal.
(3) 18 October . . . .	U. P. . . . .	Dehra Dun . . .	Threat of disturbances.
(4) 21/23 October . . .	C. P. . . . .	Saugar . . . . .	Communal.
(5) 22 October . . . .	U. P. . . . .	Dehra Dun . . .	Threat of communal disturbances.
(6) 22/23 October . . .	C. P. . . . .	Mandla . . . . .	Threat of communal disturbances.
(7) 25/28 October . . .	U. P. . . . .	Cawnpore . . . .	Communal.
(8) 26 October . . . .	U. P. . . . .	Dehra Dun . . .	Threat of communal disturbances.
(9) 1 November . . . .	U. P. . . . .	Dehra Dun . . .	Threat of communal disturbances.
(10) 10/12 December . .	C. P. . . . .	Jubbulpore . . .	Communal.

**Dr. Sir Ziauddin Ahmad:** Is the army placed at the disposal of the Provincial Government, for keeping law and order? Who bears the cost?

**Mr. O. M. G. Ogilvie:** Normally, the Central Government presents a bill if any expenditure has actually been incurred. Normally, it will be found that expenditure has not been incurred.

**Dr. Sir Ziauddin Ahmad:** The transition of troops from one place to another costs some money, does it not?

**Mr. O. M. G. Ogilvie:** If there was travelling by lorry or by train or anything of the kind, it would undoubtedly be open to the Central Government to present the bill.

**Dr. Sir Ziauddin Ahmad:** Was a bill ever presented?

**Mr. O. M. G. Ogilvie:** I do not think there have been cases in which travelling was required, but I must ask for notice.

**Dr. Sir Ziauddin Ahmad:** I can quote several instances when the army was sent for from other towns but I am now more concerned with the principle. If the forces are sent for from outside stations, then who pays the cost of travelling, the Provincial Government or the Government of India?

**Mr. O. M. G. Ogilvie:** If the Honourable Member will put down a question, I will answer him after due consideration.

**Mr. Lalchand Navalrai:** Is the Honourable Member aware that when the military are requisitioned in the provinces, the provinces do not take proper help from them and the military are handicapped just as they were handicapped in the recent riots in Sind?

**Mr. O. M. G. Ogilvie:** I have no information on that point. I do not think it is the case.

**Mr. Lalchand Navalrai:** Will the Honourable Member make inquiries and find out if the military were really handicapped in Sind riots?

**Mr. O. M. G. Ogilvie:** If the Honourable Member will put down a question, I will consider it.

**Mr. M. S. Aney:** Is it not the normal responsibility of the Central Government to help the Provincial Governments whenever it is necessary for the sake of preserving law and order?

**Mr. O. M. G. Ogilvie:** Certainly.

**Mr. M. S. Aney:** Is it not, therefore, a normal responsibility of the Central Government to pay for that also?

**Mr. C. M. G. Ogilvie:** As regards the question of payment, I have already said that if the Honourable Member (Dr. Sir Ziauddin Ahmad) will put down any particular question in which this payment ought or ought not to have been charged, I will inquire and see whether payment has or has not been charged.

**Dr. Sir Ziauddin Ahmad:** What would happen if these quarrels and troubles were created by the Government themselves?

**Mr. C. M. G. Ogilvie:** I think that is a hypothetical question.

#### RAISING OF A NEW LOAN.

**83. \*Dr. Sir Ziauddin Ahmad:** (a) Will the Honourable the Finance Member be pleased to state whether the Government of India are contemplating to raise a new loan in the year 1940-41? If so, on what conditions?

(b) Will the holders of 1940 bonds be permitted to exchange their bonds for the new loan?

**The Honourable Sir Jeremy Raisman:** I would invite the Honourable Member's attention to the reply given by me to Mr. Nabi Baksh Illahi Bakhsh Bhutto's starred question No. 38 on the 8th instant.

#### UNSTARRED QUESTION AND ANSWER

##### IMPOSITION OF A CIRCUMSTANCES AND PROPERTY TAX BY A GOVERNMENT OR A LOCAL BODY

**17. Mr. Muhammad Azhar Ali:** Will the Honourable the Finance Member please refer to Schedule II of the Scheduled Taxes Rules published on page 1131 of the Gazette of India, Extraordinary, 1920, and state the item of that Schedule under which a tax on circumstances and property of a Government or a local body can be imposed?

**The Honourable Sir Jeremy Raisman:** A "tax on circumstances and property" is not covered by any item in Schedule II of the Schedule Taxes Rules. The Honourable Member's attention is however invited to section 80A (3) (a) of the Government of India Act, 1919, under which a tax not covered by the Scheduled Taxes Rules could have been imposed by a Provincial Legislature with the previous sanction of the Governor General.

#### MOTION FOR ADJOURNMENT

##### RAID ON THE PUNJAB TOWN BY TRIBAL GANG.

**Mr. President** (The Honourable Sir Abdur Rahim): I have received notice of a motion for the adjournment of the business of the Assembly to discuss a definite matter of urgent public importance, namely:

"The raid on the Punjab town by tribal gang on the failure of the Government of India to protect the life and property of the inhabitants of the settled districts in the North West Frontier Province and of the borders of the Punjab from the raids of the tribal people"

[Mr. President]

As I understand it, this motion seeks to discuss the question of administration of the tribal area and how far the Government of India has been successful in that administration. If that is, which is apparently the case, then the Honourable Member ought to obtain the consent of the Governor General. Has he done so?

**Pandit Krishna Kant Malaviya** (Benares and Gorakhpur Divisions: Non-Muhammadan Rural): I sent notice to the Honourable the Foreign Secretary only this morning. What I want to discuss is the raid on the Punjab town . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member cannot do that. That is a matter for the Local Government. The Honourable Member's motion would be in order only if it referred to the tribal area and to discuss the administration of the tribal area, he has got to obtain the consent of the Governor General.

**Pandit Krishna Kant Malaviya**: I do not want to discuss the administration of the Punjab province or the administration of the settled districts of the North-West Frontier Province. What I want to bring to the notice of this House is the raid by the tribal people on the districts in the Punjab. Up to now . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): The notice of the Honourable Member is based on the failure of the Government of India to protect the life and property in the settled districts from the raids. Has the Honourable Member obtained the consent of the Governor General?

**Pandit Krishna Kant Malaviya**: I am going to apply.

**Mr. President** (The Honourable Sir Abdur Rahim): If the Honourable Member has not already got the consent of the Governor General, then I rule the motion out of order.

## THE INDIAN MERCHANT SHIPPING (AMENDMENT) BILL

**Khan Bahadur Shaikh Fazl-i-Haq Piracha** (North West Punjab: Muhammadan): Sir, I beg to move.

"That the Bill further to amend the Indian Merchant Shipping Act, 1923, be taken into consideration."

Sir, the Bill which I have the honour just to present to this House for consideration is a very small and simple one. As a matter of fact it consists of only a few phrases seeking to change only a few words in a section of the Indian Merchant Shipping Act of 1923 and it would not require me to take much of the time of this Honourable House. At the same time, Sir, I cannot but say that this amending Bill is a most important and urgent one so far as we, the Muslims, are concerned. Sir, it is the result of the experience of the last many years during which the present sub-section (1) of section 193 of the Indian Merchant Shipping Act of 1923 was tried and has proved wanting to give proper space and comfort

to the pilgrims. The intention of my Bill is clearly explained in the Statement of Objects and Reasons of the Bill which runs thus:

"Section 193 (1) of the Indian Merchant Shipping Act, 1923, provides for a space of 16 superficial feet and 96 cubic feet, respectively, for pilgrims carried by pilgrim ships. In allotting the space, no separate allotment is made or marked for each pilgrim and the count is taken, in calculating the number of pilgrims, of the entire superficial space in-between decks, including nooks and corners and other spaces which are not capable of any use whatever. Besides, the space allotted is inadequate. It is proposed, therefore, to amend the aforesaid section to remove the inconvenience caused to the pilgrims due to inadequate space and lack of individual allotment."

Sir, the discomforts of a pilgrim ship are well known to this House, generally, and to those who have personal experience of it and also to those who are in touch in one way or the other with the grievances of Hajis. Even the report of the Haj Enquiry Committee of 1930 has said enough on this point. The report says:

"The congestion and confusion on a fully loaded pilgrim ship is terrible and the accommodation per pilgrim prescribed under the present section of the Indian Merchant Shipping Act,"

that is, sixteen superficial feet in the between-decks,

"has absolutely been found insufficient to the special nature of the pilgrim journey."

There are instances where a minimum accommodation of eighteen to twenty-five superficial feet on the lowest passenger deck is prescribed and I find no justification in rejecting the same amount of accommodation to the Haj pilgrims when their conditions of travelling are not the same as those, who get 18 to 25 superficial feet of space on a deck of a ship, but worse than that. I know, Sir, that after quoting this prescription of the British Board of Trade in relation to the journey on an emigrant ship from the United Kingdom to Australia, the Haj Enquiry Committee rejects it for obvious reasons, that the journey takes five to six weeks to reach the destination. I also know the argument advanced by the committee in opposing to allow to prescribe accommodation per pilgrim more than sixteen superficial feet that the allowance per man in the case of the ships employed for carrying troops is less than it is for the pilgrims. It is also said and I think that is the only argument apparently strong which is being put forward oftener, in opposing the increase in the present allotment of superficial feet of space for the Haj pilgrims on the ship, that the maximum space allowed to an ordinary deck passenger under the Indian Merchant Shipping Act is twelve feet in the upper between-deck and fifteen feet in the lower between-deck which is less than the space allowed to pilgrims. But, Sir, there is a great fallacy in these arguments. At first, there is a great difference between the ships carrying troops and the ships which are at present employed in carrying Haj pilgrims from Indian shores to Jeddah. In the same way the deck of an ordinary passenger ship has no comparison at all with the deck of the Indian pilgrim ships in general.

Out of a majority of pilgrims who go for Haj ninety per cent. of them consist of those who are old men. There is a sufficient percentage of women also among them. They cannot at all be considered as young and stout men of the army or the ordinary passengers who are strong enough to go for a sea journey either for business' sake or for the sake of some other enterprise. It is absolutely very unjust to treat the Haj pilgrims.

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in the same way and in the same category. There are a number of luxuries provided for an ordinary traveller on any ship. There are amusements, there is jolly good company to enjoy, there are games and other pastimes to indulge in, but for a pilgrim who is going for Haj, there is nothing alternative to the discomfort in accommodation. He generally spends his time in his seat and if this is also not comfortable for him, you can imagine, Sir, how troublesome and uncomfortable his journey would be. It is admitted by every one that normally the Haj pilgrim has no previous experience of the sea. "Even" as the Haj Enquiry Committee asserts, "if he hails from those districts of Eastern Bengal and Assam where the routine life of the peasant involves daily and continuous travelling by water, this is by no means any guarantee that he will not be liable to violent sea-sickness, whenever the sea is even a little choppy". Under these circumstances, Sir, is it not very trying and absolutely unjust to allot a very small accommodation for a traveller on a pilgrim ship? And those emigrant ships which carry passengers from the United Kingdom to the far off Australia cannot in any way be compared with these ships which are employed to carry pilgrims to Hedjaz. The former are undoubtedly better, bigger and more comfortable than the ships mentioned later and employed in carrying the Haj traffic. If a minimum accommodation of eighteen to 25 superficial feet can be allotted to them, I cannot see any tangible reason for refusing the same space on a more inferior and more uncomfortable ship on a pilgrim journey. The pilgrim ships have always a full load and the ordinary passenger ships do not have it giving spare space to the passengers.

There is another objection, Sir, which is put forward against my Bill. It is said, and as if, those who say so, are greater well wishers of those who travel for the Haj, that if we increase the space per pilgrim on board the ship we will have to pay increased rate of fare also. Well, firstly, it is a matter for which evidently we have no data before us to say whether a pilgrim, out of his hearth and home to perform a sacred religious duty, would better like to pay a few chips more for some more space in accommodation in order that he may have a comfortable environment for his meditation and prayer during the voyage or inconvenience, trouble and obstructions in his daily routine on the ship. Secondly, Sir, there is no valid reason for saying so that the present rate of fare is so low as that if space in accommodation on board the ship is increased the shipping companies will suffer. We had sufficient experience in the last two preceding years that there is still a great margin for profit in the present rate of fare and it could go very low even if the space for pilgrim on board is increased a little. We remember that the shipping companies competing with each other in the line in those days accepted in cases more than they are counted, fare less than even one-fourth of the scheduled rate. And I believe, Sir, if there happens any competition again and the Government of India do not interfere in the matter, the intending Haj pilgrims need not fear for any increase in the fare. Besides this, there is another ground that the above objection cannot stand. I am afraid, no instance can be cited in which the rate of fare of a journey is determined on the basis of space occupied by the traveller on the carriage, train, bus, ship or an aeroplane. Even if we take the instance of a journey from Bombay to Marseilles or to London, the rate of fare and the space prescribed for a single passenger on a pilgrim ship, higher rate

of fare will be liable. Sir, I think it will be a very dangerous theory to accept, that the rate of fare of a certain journey will be based on the space occupied by the traveller. You cannot determine the rate of fare for travelling on space basis for a human being. You cannot charge for his travelling like a dog travelling in a dog van or a commercial commodity occupying bigger space nor can you treat him like an ordinary cargo. Sir, the ships employed here in pilgrim traffic are only cargo boats and they are chartered as such on which Haj pilgrims are loaded just like cargo. I am not going to take any time in expressing this serious grievance of ours at this moment, but I shall take the matter up on some other suitable occasion in future. But what I say is this that it will not at all be justified if measurement of space occupied by the pilgrims on a pilgrim ship is determined by the rate of fare or *vice versa*. If, according to my Bill, we increase the space per pilgrim on a pilgrim ship demand for increasing the rate of fare will not at all be justified.

Sir, there is not much to say about sub-clauses (b) and (c) of clause 2 of my Bill. They are clear enough. And any one who knows anything about the conditions of a pilgrim ship will agree with me that under the circumstances prevailing on a pilgrim ship it is absolutely necessary to allot and mark the space allowed under the law in such a way that these marks may not be obliterated or washed off during the journey. This marking is also very necessary because, as is stated in the Statement of Objects and Reasons, much of the area of the surface of the ship is wasted in nooks and corners and other spaces. If a certain space is allotted under the law, I do not see any reason to object to marking it so that passengers may legitimately occupy the allotted space. It seems that in not marking the space the shipping company does get some benefit at the expense of the traveller which is not at all legitimate. In the same way it is also quite clear that whatever space is allotted to the pilgrims under the law, every individual pilgrim is entitled to it. There should not be used a language in such a manner as may be twisted to serve the purpose of the shipping company. Sub-clause (c) of clause 2 of my Bill is meant for that.

Now, Sir, a few words about the amendments on the agenda. So far as my Honourable friend, Mr. Boyle's amendment for circulation is concerned, I shall say that it only means delaying the matter for another Haj season. He is justified in it because he has the interest of the shipping company before him and not the pilgrims. There is no valid reason for circulation because the grievance sought to be remedied through this Bill is an old one and various interests connected with the pilgrim traffic have expressed their opinions on occasions more than one.

So far as the shipping company now engaged in this traffic at this moment is concerned, it is well represented here in this House. There are two directors of the Moghul Line, Ltd. who are Members of this House and I am sure they can say something with authority. However, whether the shipping company concerned agrees to the Bill or not, this should not be the criterion of decision of this House on this Bill. Naturally, the shipping concern engaged in this trade cannot be expected to forego any percentage of their profit in business easily. It is we who are to decide whether we are willing to remove a very old and serious grievance of the

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Haj traffic or not. It is the duty of Government to look to the comfort of the pilgrims. So far as the opinion of the general public is concerned, it has been evident during the last many years through press and platform and through representations before the Standing Haj Committee in which, if I am allowed to say, several times this matter was moved. I would never have tried to come forward with this Bill if there had been any chance of meeting the grievances in connection with accommodation on a pilgrim ship through the good offices of that Committee of which I have been a member for the last many years. I would urge the Government to consider the matter seriously. I would also ask the Government not to support the circulation motion because it will mean shelving the whole matter for the next season of the Haj also. This is a very simple matter for the Government but if it adopts such a way meaning delaying the Bill, Mussulmans will naturally be forced to conclude that it indirectly supports the shipping interest and nothing else. Sir, I move.

**Mr. President** (The Honourable Sir Abdur Rahim): Motion moved:

"That the Bill further to amend the Indian Merchant Shipping Act, 1923, be taken into consideration"

**Mr. J. D. Boyle** (Bombay European): Sir, I move:

"That the Bill be circulated for the purpose of eliciting opinion thereon"

**Mr. President** (The Honourable Sir Abdur Rahim): The Chair finds that the Honourable Member has not specified the date by which the opinions are to be collected.

**Mr. J. D. Boyle**: I should like to add, "by the end of June, 1940".

**Mr. Husenbhai Abdullahbai Laljee** (Bombay Central Division: Muhammadan Rural): Sir, on a point of order, can the Honourable Member be allowed to put in the date now?

**Mr. President** (The Honourable Sir Abdur Rahim): Yes, that is allowed. Amendment moved:

"That the Bill be circulated for the purpose of eliciting opinion thereon by the end of June, 1940."

**Mr. H. A. Sathar H. Essak Sait** (West Coast and Nilgiris: Muhammadan): Sir, I move:

"That the Bill be referred to a Select Committee consisting of Sir Girja Shankar Bajpai, Mr. S. H. Y. Oulsnam, Lt.-Colonel M. A. Rahman, Mr. J. D. Boyle, Mr. Lalchand Navalrai, Khan Bahadur Shaikh Fazl-i-Haq Piracha, Mr. H. M. Abdullah, Dr. Sir Ziauddin Ahmad, Mr. Nabi Bakhsh Illahi Bakhsh Bhutto and the Mover, with instructions to report by the 15th March, 1940, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five."

**Mr. President** (The Honourable Sir Abdur Rahim): Further amendment moved:

"That the Bill be referred to a Select Committee consisting of Sir Girja Shankar Bajpai, Mr. S. H. Y. Oulsnam, Lt.-Colonel M. A. Rahman, Mr. J. D. Boyle, Mr. Lalchand Navalrai, Khan Bahadur Shaikh Fazl-i-Haq Piracha, Mr. H. M. Abdullah, Dr. Sir Ziauddin Ahmad, Mr. Nabi Bakhsh Illahi Bakhsh Bhutto and the Mover,



with instructions to report by the 15th March, 1940, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five."

Both the original motion and the amendments are now open to discussion.

**Mr. J. D. Boyle:** Sir, I understood from the remarks of the Honourable the Mover of this Bill that he considered that there were a certain number of directors of various shipping lines concealed about this House whose duty it was to take away from the pilgrims any advantages they might have now, in support of the interest of the shipping companies. I do not know to what Members of the House he was alluding. I cannot answer for the rest of the House, but speaking for myself, I am a director of no shipping company either in this country or in the United Kingdom, nor to the best of my knowledge is any Member at present from our Party a director of any line. With that as the start I may say also that it is not my intention to do anything to delay the passage of this Bill provided that the House after due consideration thinks that it should be passed. But I maintain that I have points to make which show that this Bill is not in the interest of the pilgrims themselves, and it is those points which I propose to make today.

I agree that the fundamental principle of the Bill is to increase the facilities for pilgrims at present enjoyed during the course of their sea voyages to Jeddah. With that principle I am sure the whole House will agree and, speaking for myself, I certainly do. But what we have to be certain is to see that the object that the Mover has in mind will in fact be met by the provisions of this Bill. The Bill confines itself exclusively to increase of space allotted to pilgrims in those ships. For the sake of information of those Members of the House who are not aware of it, the space at present allowed is 16 square feet. That space is the maximum at present allowed under the International Unberthed Passenger Ship Rules. And I have yet to hear of any argument that the Honourable the Mover has brought forward to show why on this comparatively short trip to Jeddah special reasons are forthcoming to show why the maximum should be increased. I am not suggesting that the space should in any way be decreased, but I do ask the Honourable the Mover to produce reasons to show why the maximum should be increased. The minimum space is exactly half the present space allowed under the international rules; and while I am not suggesting that we should go back to them, I do suggest that very cogent reasons should be put forward why we should increase the maximum.

These pilgrim ships have been designed as pilgrim ships and have been designed to carry a certain number of pilgrims, and I now come to the point which my Honourable friend, the Mover, made in connection with rates. If the number of pilgrims is to be reduced, it seems clear that that will very seriously affect the economic running of the ships and what will the shipping companies do? It must be clear that they will immediately contemplate at any rate whether it will be necessary for them to increase the rates. The amount of increased space which the Mover of this Bill suggests works out at a loss to the shipping companies of almost exactly 24·8 per cent. I ask you as businessmen, if you were faced with what amounts to an increase in your running costs of a quarter, whether you would or would not increase those rates. However much a shipping

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company might want to maintain the rates as they are at present, I maintain that if you increase their cost by 248 per cent. they must, in fairness to themselves, increase their rates . . .

**Mr. Husenbhai Abdullabhai Laljee:** How have you worked out this percentage of increase in the rates?

**Mr. J. D. Boyle:** I am perfectly prepared to tell my Honourable friend how I arrive at that percentage, but to my mind as a director of a shipping company he will have worked it out himself probably. I wonder how many Honourable Members of this House, other than the Muslim Members who have themselves performed the Haj, have any idea of the conditions that obtain on such ships. I myself made it a point to go over a pilgrim ship that was just leaving Bombay, and the first thing that strikes you is the incredible quantity of baggage that accompanies these pilgrims. Then I realised that this was not because they were taking more baggage than was necessary considering that they were going to be away for a very long time, but because they would not make use of the holds which the ship provides for the storage of articles not required on the voyage. They could, in fact, put away a great deal of their luggage if they would only trust the shipping company a little more than they were apparently prepared to do. Accompanying each pilgrim there were considerable crates of food stuffs—potatoes and onions, in large crates, occupying space which should be devoted to the human frame. These foods were not in the slightest degree required on the voyage—they were required for the trip that would take place on landing and after reaching Jeddah, and it should have been possible for these pilgrims, if they had stored that food in the hold in their crates, to get considerably greater space to occupy themselves and their beds and chairs and anything else they might require on the voyage. But the fact is that they would not do so because they presumably thought that the purser would get at the food while they were on the voyage and so they kept it by themselves. If this increased space is given, it would merely mean that the pilgrims would bring in an increased amount of baggage which would occupy space meant for them, and I would strongly suggest that the first thing to be done is to educate the pilgrims who undertake this Haj to trust their fellowmen to the extent of putting the baggage they do not require on the voyage into the holds that have been specially provided for that purpose.

While on this subject I think I ought to mention the story of a pilgrim—it has become almost legendary but I am assured the facts are perfectly authentic—who had as his outstanding characteristic filial devotion but there must also have been a certain substratum of meanness in his character because when his baggage was examined at Bombay it was discovered that he had placed his aged father in a crate suitably provided with air holes for ventilation and that he intended to carry his father in that condition as baggage with him on the Haj. I realise that to some extent this may be held to be irrelevant to what I am saying because it is difficult to imagine such a devoted son placing his father in the hold as baggage, but, at the same time, when he carried him as baggage he must have fully known that he would have occupied the whole space allotted to the pilgrim himself.

I do not wish to take up the time of the House unduly. The points I wish to make are quite simply these. first, that the space already allowed to a pilgrim would not be insufficient if he would store his baggage in the hold, that he does not require on the voyage: secondly, that no good argument has yet been put up why the space allowed as a maximum, under the unberthed passenger rules, should be increased, and thirdly, that the quite obvious result of this Bill which entails, as I have said, an increase in the running costs of nearly a quarter to the shipping companies, would be a very considerable increase in the rates. For these reasons, I suggest that a Bill of this character, the fundamental principle of which is obviously sound, must be discussed by those most concerned

I do not allow the Honourable the Mover the claim that he made that he alone is considering the interests of the pilgrims, because I think he has not allowed sufficient play for his commonsense to realise that this Bill will not in fact provide for what he thinks it will; and I suggest, therefore, that the best method of dealing with this Bill is to circulate it, so that public opinion can be collected and a Bill can be provided to the House which will in fact achieve the object which the Honourable Member has in mind, namely, to increase the facilities of those travelling on the Haj

**Mr. H. A. Sathar H. Essak Sait:** Sir, let me make it clear at the outset that I shall feel very happy if the House agrees to the motion of my Honourable friend, Khan Bahadur Piracha. I have moved this motion only because I found that the Government were not agreeable to Mr. Piracha's motion and they wanted the whole thing to be put off as far away as possible, and therefore

**Sir Girma Shankar Bajpai** (Secretary, Department of Education, Health and Lands): I do not wish to anticipate what I might have to say later, but I do not think my Honourable friend has any warrant for suggesting that Government want this matter to be put off for all time

**Mr. H. A. Sathar H. Essak Sait:** I accept the correction. All the same even from my friend's statement it appears, at least as far as I can deduce, that he does not agree to this Bill being taken up for consideration just now and being dealt with according to the wishes of the House: he would rather wish that the matter be delayed. That being so, I thought I would make this motion so that there may be a sort of time limit to the passing of this Bill, if it is going to be passed at all. That is why I move this motion.

So far as the subject matter of the Bill is concerned I do not think I need take up the time of the House much, because of the very lucid speech that my friend, the Sheikh Sahib, has made, which has placed the matters very clearly and lucidly before the House. All that he intends to get for the poor pilgrims is a little more space than they are getting under the present law. So far as the need for a little more space for the convenience of these people is concerned, my friend Mr. Boyle agrees, but he has his own airy way of a first class traveller of dealing with these matters. He thinks the space allotted is sometimes more than is required and sometimes less. Sometimes he thinks that if somebody wants to smuggle his father through the hold of the ship he can manage it. Now,

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with regard to the story my friend has just narrated, I have a pertinent question to ask him. How did the filial son manage to take his father with him within the limited space allotted to him?

**Mr. J. D. Boyle:** The father was rejected on the quay.

**Mr. H. A. Sathar H. Essak Sait:** That is very fortunate both for the father and the son. However, Sir, these stories will not convince anybody either in this House or outside, because the fact remains that there has been a persistent cry all along that sufficient space has not been allotted to pilgrims proceeding on these ships, and several representations have been made to Government, and numerous Resolutions have also been passed at a large number of public meetings, and my Honourable friend, the Member in charge, knows all about it. Therefore, I don't see why we in this House should not do something to remove this long standing grievance of these poor pilgrims. The bogey has been raised that if more space were allotted, it would have to be paid for. I don't think it is a matter which should be considered by this House or that we should encourage such a bogey to be raised. After all, the rates charged by the shipping companies are not so uneconomical that the extra space now demanded would prove a very heavy burden on them. Sir, there is no reason whatever why we should raise this cry in this House and encourage the shipping companies to raise their already high rates.

Then, with regard to eliciting the opinion of the country I firmly believe that the public at large or those who are interested in this matter will not raise any objection to this measure. The only quarter from which any objection might be raised is from the shipping companies themselves. I suggest to the Honourable the Member in charge that whatever objections the shipping companies may have to this measure or whatever suggestions they wish to make in regard to this Bill can be made by them within the time I have suggested for the Select Committee. Therefore, I think that the House will accept my amendment that this Bill should be committed to a Select Committee.

**Mr. Muhammad Azhar Ali:** (Lucknow and Fyzabad Divisions, Muhammadan Rural). Sir, the Bill before the House is a very small measure. To raise objections to such small measures, whether they emanate from the Government or from any Group in this House, seems to me to be very strange. All that this measure asks for is a little more space for the poor pilgrims that go to perform Haj. Nothing else. They want only a little more space in the pilgrim ship than is now allowed to them. Why should such a hue and cry be raised either from the Government side or from any Group in the House to this small request? When the Government come before this House with small amendments for crossing the T's or dotting the I's, we on this side, never raise any objections. It is indeed very strange that my friend, Mr. Boyle, should get up and raise objections to this small measure and tell this House that he has been to these pilgrim ships and he has had experience of such ships. Does he know what a large number of pilgrims feel about this lack of sufficient accommodation when they perform this long journey? Sir, this is not the first time when this point is raised in this House, but this point was made when the first Haj Bill was introduced by the late Sir Fazl-i-Husain. On that

occasion very strong protests were made on the ground of lack of sufficient accommodation for these pilgrims who proceed to perform Haj. It is entirely a question of convenience to them. Evidently some of my friends here do not know under what conditions these pilgrims perform their Haj. They sacrifice everything. They don't take so much luggage with them as was described by my friend over there . . .

**An Honourable Member:** They do

**Mr. Muhammad Azhar Ali:** They are not allowed to take so much clothing and other things when they go to Haj. Is it possible to expect these people to take huge trunks, stocks of food stuff, and other things with them when they go to perform their Haj? It is no use telling us that they take with them huge quantities of onions and potatoes. Potatoes may be all right for Englishmen to take with them, but I am sure Haj pilgrims will never take with them all these things, because most of them are very poor and they sacrifice everything, they accumulate a few rupees and then perform their religious ceremony which is incumbent on every Muslim as the five times prayer is. You may attach no importance to this matter, but it is a matter of very great importance to every Mussalman throughout the whole world. Do these regulations, which you have put in, exist in other countries? I submit not. To say that there is international law or international regulation for the allotment of space and, therefore, the existing accommodation allotted to these pilgrims should not be increased is not right. As my friend, Mr. Essak Sait, has just said, only the shipping companies are affected by this, and nobody else. Why should Government raise any objection to this Bill?

With regard to the motion for circulation, my friend, Mr. Essak Sait, has very clearly pointed out that this Bill does not concern anybody except the shipping companies, and you can very easily ascertain the opinion of the shipping companies. Their objection can only be in their own interest, and it cannot be in the interest of the poor pilgrims. The small amendment that is asked for in this Bill is that for the words 'sixteen' and 'ninety six' the words 'eighteen' and 'one hundred and eight' should be substituted, for the word "available" the words "allotted and marked separately" shall be substituted. The word "available" is undoubtedly a vague word; it has absolutely no . . .

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member need not discuss the details of drafting now.

**Mr. Muhammad Azhar Ali:** These are very small matters. Only word here . . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): But they need not be discussed now.

**Mr. Muhammad Azhar Ali:** I merely want to point out to the House that the amendments proposed in this Bill are very small, and there is no need to raise such a hue and cry, because all that is sought is that a little more space should be allotted to these poor pilgrims. Does that require the opinion of the whole country of India or the whole population

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of India? I submit that it is a very strange proposition that my Honourable friend, Mr. Boyle, has put forward. It may be of interest, as I said, to the shipowners, but it cannot be of any great interest to the country at large. It is a very small matter which this House can very easily decide even today if it wants to, but when my Honourable friend, Mr. Essak Sait, says, that it may go to a Select Committee, I think it is a very reasonable proposition and it must be accepted. Because there is a paucity of Members on this side of the House and we have not others to support us, it may be very easy for the Government to defeat this motion of my friend, Mr. Essak Sait.

**Mr. N. M. Joshi** (Nominated Non-Official): When is the next Haj?

**Mr. Muhammad Azhar Ali:** In December. Whether it comes up before this House during this very Session or in the next Session, it is not a very big matter. This is not a very important matter that you should delay. Where is the need for delay? A small wording to be changed—does that require a very elaborate process or calling for opinions?

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member is repeating that argument too often.

**Mr. Muhammad Azhar Ali:** I, therefore, submit that it is not necessary that the Bill should be circulated. I support the motion for referring the Bill to a Select Committee and oppose the motion for circulation.

**Lieut.-Colonel Sir Henry Gidney** (Nominated Non-Official): If I intervene in this debate it will be with the desire of adding something material to the solution of this problem. I desire to associate myself wholeheartedly with the principle underlying this Bill, and with great sympathy. But sympathy is always a starvation diet. I have seen some of these steamers and, on occasion, I can only describe the condition witnessed in the well known saying "you could not see the wood for the trees", because, at times I have seen the deck so congested with passengers and their luggage that I must admit Mr. Boyle did not exaggerate the state of affairs in his speech. Of course a man is entitled to take a large quantity of luggage if he thinks he wants it, but I do not know whether the Mover of this Bill or the last speaker has ever seen a pilgrimage steamer.

**An Honourable Member:** My friend has performed the Haj. He is a Haji.

**Lieut.-Colonel Sir Henry Gidney:** I am glad to note that I admit correction. The International Conference entitles a pilgrim to 16 square feet. I know that originally it was much less, the minimum being 8 and maximum being 16. My Honourable friend, the Mover, wants to increase it to 18. I have no objection to increasing it to 18, but is my Honourable friend prepared to admit that the remedy may be worse than the disease? My Honourable friend, Mr. Boyle, has pointed out very conclusively, and I believe he is correct, that he said, namely, that the shipping companies, if an increased space is demanded, may have to increase the

cost of the passage. Is the Honourable the Mover prepared to state here and now that the pilgrims will accept this increased cost? Much as I associate myself with the sanctity, and the necessity of this pilgrimage for Muslims,—my one desire is to deal with the material aspect of the matter. Mr. Boyle has asked that this Bill be circulated for public opinion. As the last speaker said, what does the general public know about this? It is really a matter of a conflict, if there be a conflict, between the shipping companies and those who perform the pilgrimage represented as they are by the Muslim Members in this Honourable House. May I suggest to the Mover of this Bill that he might allow this matter to be circulated to the shipping companies and to nobody else, and get their opinion? Because, after all, that is no need to hurry matters, because the next Haj steamer will go about December and you have before you about ten months now left for this opinion to be received. If the Honourable the Mover is prepared to accept this suggestion of mine and the Government are prepared to support it, I think the matters could be speedily settled. The shipping companies may be told by Government, as they have done so nicely whenever they felt the need for the same or remained silent when they wanted to be silent—"It is the desire of the Muslim community that you afford greater space for pilgrims; what will be your lowest rate?" In that case there may be a compromise, but to ask the shipping companies to give greater space and then say "we won't pay higher rates" is hardly fair to them. Therefore, in supporting the principle of this Bill, I ask that Mr. Boyle's amendment be accepted to this extent that it be circulated for the opinion of shipping companies only. This is not the concern of the whole of India or of me or of others who do not undertake these pilgrimages. I do not think there is anything objectionable in my suggestion and I put it and I offer it to the Government and to my Honourable friend to allow this Bill to be circulated to shipping companies and other interested parties, and so arrive at an amicable solution of the question. I do not think that an increased space of 18 is large at all, if the companies place a reasonable limit to the quantity of luggage that can be taken. I support the amendment of Mr. Boyle and suggest that the Bill be circulated to only shipping companies and other interested parties.

**Sir Abdul Halim Ghuznavi** (Dacca *cum* Mymensingh: Muhammadan Rural): As a member of the Port Haj Committee of Calcutta, it is my duty to visit pilgrim ships which sail from Calcutta. Only this year, Mr. President, the Government, goodness knows why, closed the port of Calcutta. We protested, but that protest was in vain. I can tell this House why it was closed. It was closed to protect British interests. What does this Bill want? The Honourable the Mover of this Bill wants a little more space for the deck passenger, and my Honourable friend, Mr. Boyle, wants the Bill to be circulated,—circulated to the whole of India. Another amendment came from my Honourable friend, Sir Henry Gidnev, who desires to limit the circulation to shipping companies only. What does it mean? There are only two companies, one British and one Indian. (Interruption.) I can tell you that the Indian shipping company will welcome this Bill. I may say without consulting them that I shall make them agree.

**Sir Muhammad Yamin Khan** (Agra Division: Muhammadan Rural): What about the rates? The rates will be fixed.

**Sir Abdul Halim Ghuznavi:** There will be no change in the rates. What is this talk about raising the rates? What for? For a foot or one foot and six inches do you want to raise the rates? It is all nonsense to talk about that.

**Sir Muhammad Yamin Khan:** What I wanted was, when the Indian shipping companies are willing to accept this, will they approach Government for legislation that the passage rates should be fixed or will they leave it to open competition, as is going on at present?

**Sir Abdul Halim Ghuznavi:** My Honourable friend knows that the rate has not been fixed by Government. They tried but failed. The companies would not agree to that and if I may say so it was the British Companies—which put obstacles in the way.

**Mr. J. D. Boyle:** Nonsense.

**Sir Abdul Halim Ghuznavi:** My Honourable friend, Mr Boyle, does not know the history of this thing at all. I know.

**Mr. J. D. Boyle:** There are certain features of it, which I do not want to know.

**Sir Abdul Halim Ghuznavi:** My Honourable friend, Mr Boyle, will hear all about it when the Bill comes back when the Select Committee report is made. My friend will hear that it is not nonsense. It is the British shipping that stood in the way of the settlement. I have seen the ships in Bombay. The space is absolutely insufficient. These pilgrims are not allowed to carry heavy baggages. They are thrown out. My friend, Sir Henry Gidney, has never been to any ship.

**Lieut.-Colonel Sir Henry Gidney:** How dare you say that? I have.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member must address the Chair and not individual Members.

**Sir Abdul Halim Ghuznavi:** My friend says that he has visited a pilgrim ship when the pilgrims are embarking. Then he should agree with me about the insufficiency of space allotted—No use repeating that statement. Ship after ship I have visited.

**Lieut.-Colonel Sir Henry Gidney:** I do not think you visited a single ship.

**Sir Abdul Halim Ghuznavi:** I have visited ships not only in Calcutta but in Bombay. It has been the grievance of the pilgrims that the space is not sufficient. My friend, the Honourable the Mover of the Bill, saw it himself when he went on his pilgrimage and that has induced him to bring forward this Bill. What is there to circulate it for and among whom. The Asiatic and the Scindia are the two companies who run the Haj traffic. By this time they must have known what the Honourable the Mover of this Bill wants and there is no reason why legislation should be delayed. It should be taken up here and now and finished in this Session. It is a small thing. Only a small additional space is wanted.



by the pilgrims I am sure that the Indian company Scindia will not oppose this. It is only for the Moghul line to fall into line, though there is nothing Moghul about it. If they say 'Yes', the whole thing can be passed without going to Select Committee but Mr Boyle who represents British shipping says 'No Circulate'. He wants this dilatory motion so that the Bill may not be put on the Statute Book before the next Haj season begins.

**Mr. J. D. Boyle:** There will be lots of time.

**Sir Abdul Halim Ghuznavi:** What is the use of jumping up and saying 'there will be lots of time'. This Assembly would come to an end in September when there will be new elections. Therefore, I oppose the circulation and support the Select Committee motion.

**Mr. M. Ghasuddin (Punjab Landholders):** For the last century or so, we, the Muslims, have been suffering from our protectors. We have had protectors of Islam in so many guises. Lately, Mussolini came up, as protector of Islam and I am glad to notice that in my Honourable friend, Mr. Boyle, we have a miniature protector of Islam or Mussalmans present in this House. Here a small Bill is introduced by my Honourable friend from the Punjab, requiring some small sacrifice or no sacrifice at all on the part of the shipping companies. Mr. Boyle boils over and says that the Bill should be circulated for opinions. As far as Mr. Boyle's knowledge of ships is concerned, I am reminded of a story told in this House by the Defence Secretary of a candidate who wanted to join the Royal Indian Navy. When asked by the examining Board as to what he knew of the Navy, he said. 'Oh, yes. I know all about the navy. I have seen a picture called 'Mutiny on the Bounty' and so I know everything. I think Mr Boyle went one afternoon to the port of Bombay when he had nothing better to do and saw a pilgrim ship, lying at anchor and now he is an authority on pilgrims and pilgrim ships. As regards the troops a certain amount of space is allotted for them, on the boards of troop ships. Now the troops are a disciplined body. They undergo an intensive training as to how they should get their beddings rolled, how they should put their *puttees* in their boots and so as to occupy minimum of space. Besides most of these troops are in the pink of health but here, the pilgrims come from the outlying districts and they are not supposed to know all the things that a soldier knows and, moreover, they are of all ages. There are old men, women and children. Some of them are infirm and naturally any person with humanitarian ideas would want to give them more facilities than are required for the troops. Now, my friend, Sir Abdul Halim Ghuznavi, has referred to the two companies which are competing for the Haj traffic. He has got authority for saying that one of the companies would agree to the principle of this Bill, and we know that the other company have been lowering their rates to an uneconomical limit, with the object of ousting the other company which happens to be Indian-owned. Now, the European concern should come forward and make a little monetary sacrifice. Let us see how much friends of Islam they are and how much friends of pilgrims they are. It is all right to spend money to stifle a competitor by fair means or foul, but now is the time to show their practical sympathy if they so desire. As this Bill does not require any great alterations or does not involve some-

[Mr. M. Ghiasuddin]

very vital principles, I do not think there is any need for it to be circulated for eliciting public opinion and I support the amendment moved by my Honourable friend, Mr. Essak Sait, that it should be referred to a Select Committee.

**Some Honourable Members:** I move

"That the question be now put "

**Mr. Lalchand Navalrai** (Sind. Non-Muhammadian Rural) Sir, this is a Bill put in by one of my friends of the Muslim community. He said that this concerns the Muhammadian community alone. That is right, but I take it from another point of view. It is in the Indian interest and I, as an Indian, get up to support it. Sir, I say it is an Indian question from this point of view. We join hands and we stand shoulder to shoulder on questions of convenience to the travellers on the Railways and I cannot understand why we should not all stand concerned in these questions also with regard to the steamers. What is being asked for is only some convenience, a little more of accommodation and some wider convenience, so that these passengers, who are young as well as old,—and some of them have that sentiment that when they get old, they would wish to go from here to Mecca and die there so that they may have some religious advantage.

**An Honourable Member:** Not quite that

**Mr. Lalchand Navalrai:** . . . but I feel that old and young and boys also do go there, and if a little more of space on board is given to them, it will be worth while for the companies, because the companies also remain for the interests of the Indians and it is the Indian people who pay them and, therefore, they should come forward very freely to give such conveniences. What is being asked? A little more space on the deck. Why refuse it? Why not consider it? Sir, the reasons my Honourable friend, Mr. Boyle, gave are not appealing at all. Are there no restrictions on the Railways for not carrying big baggage, and are there no rules there that big baggages should be put in the brake vans? Why are they not creating those rules when they say that the baggages are too heavy or they cannot be placed there and they occupy the space? Let them be put in the holds. Who is responsible? The companies. They should have proper rules and regulations for it. On the Railways also we find that the people carry big baggages when there are no other conveniences.

**Mr. M. S. Aney** (Berar. Non-Muhammadian). Mostly European passengers and railway servants.

**Mr. Lalchand Navalrai:** In the case of Europeans you will find that when European passengers get out of the railway carriage, you can count the bigger trunks and you can count the smaller trunks and all sorts of baggage which is placed where they sit in the compartment. (Interruption.) I do not know how far it is true that some of passengers seem to be carrying their old fathers in that odd manner but I can say that amongst Hindus there is a sentiment that the father and such people should be taken on their shoulders on to a pilgrimage, and some such facilities to take parents on board the ships. Therefore, to deny them those facilities is not correct. Now, the Bill only asks for some more conveniences and, therefore, the

Mover or a friend on his behalf is accepting a Select Committee motion and is not pressing forthwith that the Bill be passed, therefore, I wholeheartedly support the motion for a Select Committee and I hope the companies will see that these conveniences are given to them and I assure them that they will earn more thereby.

**Some Honourable Members:** The question may now be put.

**Sir Girja Shankar Bajpai:** Mr President, I rose really because I felt that my intervention at this stage to explain the attitude of the Government might help to shorten the debate.

Let me say in the first instance that there is absolutely no question of Government desiring either to shelve the consideration of the proposition that my friend, Mr. Piracha, has put forward, nor is there any question of lack of sympathy with the legitimate claims and desires of the pilgrims. Sir, the Bill which my Honourable friend, Mr. Piracha, has put forward, in effect, wants two things to be done. The first is an increase of the superficial area that is to be made available for the use of each pilgrim from sixteen sq feet to eighteen. The other is the marking of individual spaces for each pilgrim. Those are the two main proposals. Now, Sir, I should like to draw the attention of the House to the fact that neither of these proposals is a new proposal. I should also like to remind the House that each of these proposals has been examined, not by people who might be considered unsympathetic to Hajis or to the Muslim community but by a Committee of this House and of the Council of State, composed with one exception, viz, the Chairman, exclusively of Muslim Members. And I should like to read to the House what the Haj Enquiry Committee had to say on each one of these proposals. Let me take the first proposal for the allotment of space to individual pilgrims. I shall read from page 86 of the Report of the Committee:

*"146 Allotment of individual spaces impracticable—Many witnesses have urged that every individual ticket should give the holder a right to a particular space of sixteen superficial feet marked out on the deck and numbered. We have made careful investigations to satisfy ourselves whether this is a practical proposition. Our conclusions are recorded in the report of our inspection of the S S. "Vita" on the 28th June, 1929, which is attached as Appendix C. It will be seen that, besides other difficulties, the proposal would result in a considerable decrease in the present carrying capacity of the ships and would therefore furnish a pretext for an increase in fares. It would also be impossible to confine each pilgrim exactly to his own space. We do not therefore recommend it."*

**Sir Abdul Halim Ghuznavi:** What is the date of the report?

**Sir Girja Shankar Bajpai:** I do not remember; the question of time makes no difference to the examination of the proposals.

**An Honourable Member:** 1929.

**Sir Girja Shankar Bajpai:** The world no doubt has progressed and people might of course be prepared to pay extra fares for additional conveniences but that was the considered view of the Haj Enquiry Committee on the question of marking of spaces for individual pilgrims.

**Sir Abdul Halim Ghuznavi:** When that report was submitted, there was only one Shipping Company in existence. Now there are at least two Shipping Companies if not more.

**Sir Girja Shankar Bajpai:** It seems to me my Honourable friend at this stage is trying to cloud the issue by raising the question of competition between two Shipping Companies. I am not concerned with that at this stage. I am really concerned with the proposals which are incorporated in Mr Fazl-i-Haq Piracha's Bill. I have given the House information as to what the Haj Inquiry Committee had to say with regard to the first question, namely, the marking of individual spaces. Now, let me go on to read out to the House the relevant extracts from paragraph 168 of that report which bears on the question of the increase of the superficial area. Sir, in the course of the debate it has been suggested that in other countries more space is allotted for the use of pilgrims than we allot for the use of pilgrims proceeding from India. I shall read on that point the finding of the Haj Inquiry Committee to show that that assumption is not correct. This is what the Committee says.

"It is the same as in the case of Javanese and Malaya pilgrims."

In other words, so far as the main sources of pilgrims are concerned, our position with regard to the allocation of shipping space is exactly the same as that of the Governments in these other countries. But it is not merely that. The conclusion of the Committee was—

"We do not recommend for the present any increase in the minimum space allowed by law but suggest that the question should be further considered after the changes proposed have been introduced and worked for a full year."

The changes proposed being compulsory feeding and special provision for the parking of luggage at places other than the deck. That was what the Committee had to say on this subject. Then, it does not rest there. Actually, when we were amending the Indian Merchant Shipping Act in 1933, there was an amendment moved for the purpose of increasing the superficial area allotted for each pilgrim from 16 to 18 square feet. That was opposed on behalf of Government and it was rejected by the House. I shall not quote the whole of the late Mian Sir Fazl-i-Husain's speech on this particular point but I would quote to the House the concluding part of that speech. This is what Sir Fazl-i said

"I am afraid there is no alternative for Government but to rest content with the position as to space being left as at present in the hope that conditions will improve or, if they do not improve, or, if the demand for greater space at a price is brought to our notice, we can always move in that direction."

That, Sir, was the view of the Muslim Member then in charge of the Department of Education, Health and Lands, a Member who did, if I may venture to say so, more perhaps than any of his predecessors had done for the purpose of improving the conditions under which Hajis travel to the Hedjaz.

Now, Sir, there is a point that I should like to recall to the memory of the House. In the passage which I quoted from the report of the Haj Inquiry Committee, I said that their recommendation was that the position should be re-examined at the end of one full year. That was the recommendation which they made in a report dated some time in 1932.

Now, Sir, actually this very question of the increase of space was examined by the Standing Haj Committee of this and the other House of the Legislature in 1935 and my Honourable friend, Shaikh Fazl-i-Haq Piracha, was actually present at the meeting of the Standing Haj Committee on that occasion. The recommendation of the Standing Haj Committee on that occasion was not to go forward with the proposal for the increase of space on the ground that it would lead automatically to an increase in fares. The position, then, is this. If you turn to the one comprehensive authority that we have on this question of pilgrim traffic, namely, the report of the Haj Inquiry Committee, you find they have opposed the increase proposed in the superficial area allotted to each pilgrim on the ground that it would lead to an increase of fares. If you turn next to the recommendation of the Standing Haj Committee of the Central Legislature on which, again, with the exception of the Chairman, all the members are Muslim members, you find the same conclusion repeated. And if I may point out, it is not an illogical conclusion because if, along with the proposal for increasing the space, there was also a proposal giving power to Government to fix fares, then you could say that, in the event of the Shipping Company, taking advantage of the increase of space, asking for an increase of fares, Government would be able to say: "No, this is unjust: this is not right and we are going to compel you to carry these people at a certain fare." But there is no such proposal before the Government and, what is more, there is no such power in Government at the present moment. That being so, it seems to me that without first ascertaining (a) whether there would be a just claim, if at all, for the increase of fares if the space is increased and (b) without finding out what the Haj Committees, Provincial Governments and others in a position to give an opinion on this question have to say, it seems to me that we would not be working in the interests of the pilgrims themselves if we were to proceed here and now to take the Bill into consideration. My Honourable friend, Mr Essak Sait, will say: "That is true but I am not suggesting that we should proceed to consider the Bill now. I have made the recommendation that the Bill be referred to a Select Committee which should report by the 15th of March." I think my Honourable friend will agree that that would not give us time to consult anybody, either public opinion or the Shipping Companies. The time allotted for that purpose is not sufficient. I suggest, therefore, that in the interests which we are all anxious to serve, the best course would be to accept the motion of my Honourable friend, Mr Boyle. After all, he has not said that the Bill should be returned with opinions by some remote date, a date so remote that it would be too late for the next Haj season, either for Government or for this House to consider whether any action in the light of that opinion, advantageous to the pilgrims, is desirable and feasible. The date suggested is the 30th of June. I think myself that that is not an unreasonable date. If we have the opinions, as we shall try to have, of all the parties interested and concerned by that date, the House will be in a position before the next Session to come to a considered conclusion on the merits of the proposals which my Honourable friend, Shaikh Fazl-i-Haq Piracha, has made. I wish to assure him and I wish to assure my friends in all sections of the House that so far as the Government are concerned, they have an open mind on this subject. They certainly are not of the view that in no circumstances may an increase take place. That is not our view at all. But

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equally Government have to make sure that by adhering at this stage to a particular proposition, they do not bring upon the pilgrims a burden wholly incommensurate with the advantage which, it is claimed, that it would secure, because, really, this increase, although it sounds 2 square feet, actually, if you assume that the lengthwise provision is 6 feet, it simply means an addition of 4 inches breadthwise, and I doubt very much whether for that particular increase, the pilgrim would thank us or anybody if it results in an increase of fare by something like 12½ per cent, which, at current rates, would be in the neighbourhood of Rs. 20 per pilgrim. I, therefore, suggest that the path of wisdom and the path of compassion both coincide in this particular case and that really we would not be showing any lack of sympathy for the pilgrim if we were to accept the motion of my Honourable friend, Mr Boyle. On the contrary, we shall be serving the best interests of the pilgrim by giving everyone concerned an opportunity of giving due care to a problem which is not free from difficulty.

**Seth Haji Sir Abdoola Haroon** (Sind Muhammadan Rural) Sir, I had  
 1 P.M. no intention of speaking on this motion at present, but on account of some of the speeches made by some Honourable Members, I consider it advisable to say a few words. I brought a Resolution in this House to appoint a Haj Enquiry Committee and that motion was carried and a committee was appointed by Government. This committee toured throughout India for no less than twelve months and they submitted a report. That report was discussed and the Indian Merchant Shipping Act was amended in the light of the recommendations of the Haj Enquiry Committee report. Haj Committees were constituted at the ports of Calcutta, Bombay and Karachi. Many Haj Committees were also constituted in the interior parts of the country. We also discussed this space question; some were of the opinion that we should have 24 superficial feet, some said 20 and others said 18 and so on. Considering all aspects, we agreed to the present 16 superficial feet for each Haj. At that time we considered that the luggage of the Hajs should be put in the ship hold. Besides that, we also laid down that the shipping company should make arrangements for the food of the pilgrims. I served on the Haj Committee at Karachi both while it was a nominated committee and also an elected committee. I generally go aboard the Haj steamers to find out the difficulties under which the pilgrims were suffering. Much of the difficulty has now gone down because the space previously occupied for luggage is now given to the passengers. Now-a-days they are getting cooked food on board the ship from the steamer company. I am not at present opposing the motion of my Honourable friend, Khan Bahadur Shaikh Fazl-i-Haq Piracha. As stated by the Honourable Member, Sir Girja Shankar Bajpai, we also considered at that time the question of fares. The Government then fixed the maximum fare from Bombay to Jeddah and from Karachi to Jeddah. Immediately we pass this space question, I am afraid the Government or the shipping companies have a right to consider the question of increase of fares because at the time we decided the question of space, we also decided the question of fares. If space is increased, then naturally fares also will have to be increased. I learn that my Honourable friend, Sir Abdul Halim Ghuznavi, has promised that the Scindia Company will have no objection to the increase of space from 16 to 18 feet, and at the same time they will not

increase the fares I do not know on what authority my Honourable friend, Sir Abdul Halim Ghuznavi, is giving this promise on the floor of the House. However, I accept his promise. But I want to remind my Honourable friend that last October when there was a rate war between the Scindia and the Moghul Lines, the Government issued a communiqué stating that the Scindia wanted Rs 215 per passenger as a return fare whereas the Mogul Line was willing to carry passengers for Rs. 167.

**Sir Abdul Halim Ghuznavi:** Will my Honourable friend refer me to the date of that communiqué? My Honourable friend is perhaps reading from a pamphlet issued by his company. I oppose the statement contained in that pamphlet. It is a one-sided version.

**Seth Haji Sir Abdoola Haroon:** The Government of India issued a communiqué from New Delhi, dated the 9th November in which it is stated that the Government of India were also unable to agree to the Scindia Navigation company's proposal involving an increase in fares to Rs 215 return from Karachi when the Moghul Line were prepared to take pilgrims at the maximum fare of Rs 167. I do not know whether this communiqué is correct or not. I am saying this on the floor of the House and it is for my Honourable friend, Sir Girja Shankar Bajpai, to deny it.

**Sir Girja Shankar Bajpai:** The communiqué was issued.

**Sir Abdul Halim Ghuznavi:** The communiqué merely reproduced the uneconomic price which was quoted by the Moghul Line simply to kill the Scindia Company.

**Seth Haji Sir Abdoola Haroon:** About the present uneconomic price of the company, that may be correct, but when this question of space is again raised the same company may say that the rate of Rs 167 is uneconomic. I accept Sir Abdul Halim Ghuznavi's promise that the Scindia Company will not raise it. However, I want to get a confirmation from Scindia and Moghul Lines that they will not increase this rate. I am one of those who want the space to be increased. Since the new arrangement has been going on the space question has been much eased. I have no objection to the space being increased, but before doing that all possible information must be secured and the companies must undertake not to raise the fares. I advise every one to read the Haj Committee's unanimous report made ten years back. Sir, I neither support the Bill nor oppose it.

**Mr. Husenbhai Abdullabhai Laljee:** Sir, I am a director of one of the companies concerned but I am not going to speak as a director, and I may inform the House that with regard to this Bill we have had no discussion, whatsoever, among the Board of Directors. I am very glad that my Honourable friend, Mr. Boyle, has been lucky enough to be able to see one of the pilgrim ships. Probably he will concede that having been in the line for 25 years I may have seen a few more. I hope my Honourable friend, Sir Henry Gidney, also will concede that I know something about the condition of the passengers on the pilgrim ships. Now, Sir, leaving aside the economic condition of the companies with regard to this question, as Member of this House and representing the people I feel I must say emphatically that the old days are now fast going, that we

[Mr. Husenbhai Abdullahbai Laljee.]

have to look to the comfort of the people, that we are here for the welfare of the people and that we cannot allow things to happen now as even happened five or seven years ago. It is no use my Honourable friend, Sir Girja Shankar Bajpai, quoting to us something of 1932 or 1933. At the same time I want to ask, can you conceive or have you ever heard of so many deaths as on board the Haj ships while people are travelling on ordinary passenger steamers or of troops on troop ships, and that too on almost every voyage? If that is the condition on these ships, what justification is there for allowing that condition to exist? What inquiries have been made with regard to this?

**Mr. President** (The Honourable Sir Abdur Rahim) The Honourable Member can continue his speech after Lunch

The Assembly then adjourned for Lunch till Half Past Two of the Clock.

The Assembly re-assembled after Lunch at Half Past Two of the Clock, Mr President (The Honourable Sir Abdur Rahim) in the Chair

**Mr. Husenbhai Abdullahbai Laljee:** Sir, I was pointing out so far as the report of the Haj Enquiry Committee was concerned that it was really a report of several years before. Conditions have changed a great deal and we must now realise that it is part of our duty to do all we can to see that people who travel either by trains or by private steamers or boats are not travelling in a manner that might cause injury to their health. We have been told about the rules laid down for steamers that carry troops and steamers carrying people between England and Australia and other places. In my humble opinion there is no comparison between those ships with high speed and these semi-cargo slow speed boats also plying for cargo. Steamers plying between England and Australia are of nearly 20,000 tons of the type of mail boats and are worth more than a crore or so, while these boats are 4,000 or 5,000 tons and are semi-cargo boats. As regards troop ships in comparison to these the less said the better, because they are some of the best boats and they invariably belong to what is called first-class passenger boats. But above all, the point on which I wish to lay stress is this test while people go on a sea voyage for a change and believe that they can gain something in their health, here, we find that on almost every voyage, there are two or three or four, and on the return about five or six deaths on board ship. If my Honourable friend, the Member in charge, were to give the figures of persons who were buried at sea during a Haj season on the voyages by these boats, I am sure none in this House, even the Government, would feel strong enough to say that these conditions should continue to prevail. I do feel that not only for these pilgrims but also for the passengers by the coastal boats the regulations ought to be changed as soon as possible. The days are gone when people used to go to *tirths* in goods wagons. That is not allowed now. My friend, Mr Joshi, who is not here now, is one of those who invariably brings before the Bombay Municipality complaints against the employers that they give only 10 feet by 10 feet to individual tenement resulting in overcrowding, and whenever we have an improvement



scheme doctors have never agreed with the landlords that in these slums the houses are for the poor and should remain cheap. It is on those lines that I should like these voyages also to be considered. There are three statutory bodies looking after the welfare of the Hajis—the Bombay Port Haj Committee, the Karachi Port Haj Committee and the Calcutta Port Haj Committee. I remember very well that during last three months they have passed a resolution expressing the hope that more space would be allotted to the pilgrims. In fact, we find from the enquiry report my Honourable friend has quoted that they have said that they do realise the question of shortage of space—but that in view of the fact that certain other arrangements were to be made they said ‘we shall keep it pending’ at present. It is not as if they have said ‘no’. It is quite different from saying ‘no’.

**Sir Girja Shankar Bajpai:** Whoever said that they have said ‘no’ for all time? I did not say so.

**Mr. Huseenbhai Abdullabhai Laljee:** I have not insinuated that he said ‘no’. I am merely saying that the report quoted by my Honourable friend says ‘at present’ and, therefore, there is a justification for a change to be made now. It is overdue.

As I was pointing out three statutory committees are in charge of this pilgrimage and they have expressed in unequivocal terms that more space is necessary. A great deal has been said about heavy luggage. I do not know whether what has been said is the experience of somebody who visited these steamers some years back or of somebody who visited them recently but could not get the true facts. It has been laid down in the Haj Manual published and enforced by the Port Haj Committees that heavy luggage must come alongside the steamer about 24 hours before; and it is the duty of the port authorities and the police and the steamer companies to see that heavy luggage is brought 24 hours before with the intention and with the definite instructions that it should be put in the holds. In the face of those rules and regulations we are told that heavy luggage and baggage, containing human beings, are being put amongst the pilgrims. I, therefore, do not know now whether it is necessary for me to say what I have seen and what the port authorities are bound to see and what the regulations lay down are not the true facts. But even assuming what was said was so before, it is not the case, I emphatically say, at present. Our case is that we really want more space and that space should now be forthcoming. It may be said that it will entail more cost. Surely, if it did, it is the duty of the Government as well as of this House to see that even that cost is paid if it is required for the welfare of those who are travelling. Nobody wants to spend, but certainly it is the duty of the custodians of health and humanity to see that fitting arrangements are made for the welfare of these pilgrims. I would point out that sufficient space has been found on these steamers when there is not a heavy season or rush, but, at the same time, when there is a rush there is no doubt a little overcrowding. But, surely, Sir, when these shipping companies, during rush, get their full complement of passengers, they also do make money, so if they then were to take a few passengers less, it will not mean a great hardship to these companies, because, on the whole, they get very good income out of this traffic.

Now, Sir, the question we have to consider is, why should this Bill be circulated for opinion? We all know that there are only two shipping

[Mr. Husenbhai Abdullabhai Laljee.]

companies which are interested in this matter. Can any one deny that these two companies, after this Bill had been so long on the agenda paper, have not been able to formulate their views on the measure? Are their views going to be any different to the views they have already formed and expressed on this question? Again, while there are only two companies which are interested in this, there are about 40,000 pilgrims who will travel by these ships. So why do you want this Bill to be circulated? I may clearly state that both these companies already knew that this measure would come before this House, and they had already prepared their supporters as to what they should say. The fact seems to be they are prepared to provide the necessary extra space now asked for, but they want us to pay a little more for it, and so the question will be how much is asked by them and how much we should pay for the extra space. If that is the only reason in favour of the circulation motion, then the reply to that is very simple. This is a controlled or monopolist business, as the Haj line of shipping is supposed to be carried on with the permission of the Government of India. Those ships which take passengers to Haj have to conform to certain rules and regulations, and the Government have laid down a large number of them for the guidance of the shipping companies, and the Government can very well ask these shipping companies to provide the necessary increased space now asked for in this Bill.

Then, with regard to the rate, it is always a question of supply and demand. Whether you allot 16 ft or 18 ft if there is competition in the line, if the supply of ships is greater than the demand, the shipping companies will surely regulate their rates accordingly. Sir, the times have changed, and it is now very important that we should make these necessary changes. If those who say that they are out to do good to these pilgrims, that they have the interests of these pilgrims at heart and so on, and would also come forward and say clearly that they want money for everything that they do for Hajis then the Muslim community will also surely be able to find out their sincerity. I am very sorry, Sir, to hear that recently some attempts were made to increase the Haj pilgrim rates. Of course, so far as Government is concerned our Excess Profits Tax Bill is near at hand, but the money that will be taken will certainly come out from these poor pilgrims, people who go to Haj to perform their religious duties, and it is very unfair that they should be treated in this manner. I also feel that if this Bill were to be circulated, it would not come into effect from the next Haj season. My friends would ask why? The reason is, pilgrims start booking from the month of October, sometimes from the month of September. This is a fact.

**Mr. M. S. Aney:** Do they stop it after October?

**Mr. Husenbhai Abdullabhai Laljee:** No, no; some people go in September, October and November. Those who go in these months first go to Medina and then go to Haj in the middle of January. Those who go in the first instance to Mecca and then to Medina start from here in November and December and return in March or April. Therefore, if really some good is to be done to these people, this Bill need not be circulated. In fact, this measure is long overdue. All the public and expert advice is already at the disposal of Government, because the public and the three statutory bodies as I have mentioned before have already expressed their strong view in favour of this measure. This is

not a matter which requires profound thinking. Of course, I will have nothing to say if the representatives of the two shipping companies want this matter to be referred to a Select Committee, because hardly a week passes when their agents are not here, particularly when the Legislature is in Session. They are responsible persons of these Companies who are busy men still they make it convenient to come down here and they don't feel it a hardship, because they are earning thousands, sometimes lakhs, as I hear it is freely said and they, will not mind even coming down to Delhi by first class, and some of them probably drawing also special allowances. to attend the Select Committee meetings to give their views and to say that they want a little more I would not be frightened by the figures which Mr Boyle gave the House, that the change will cost namely, 24 per cent or the 12 per cent roughly estimated and mentioned by the Member in charge that the companies may ask I don't know the shipping cost figures, and so I shall not go into them in detail But I feel that both are wrong, and it should not mean any great hardship to the companies if they both were to accept our request to give the Haj pilgrims a little more accommodation It is the legitimate demand of the Haj pilgrims, and it is the duty of the Government to see that these poor Haj pilgrims are not put to these inconveniences by the shipping companies, and I do trust that all sides of the House will give their wholehearted support to this, and will carefully watch the condition of Hajis on these voyages

**Syed Ghulam Bhik Nairang** (East Punjab · Muhammadan) : I listened to the speech of my Honourable friend, Sir Girja Shankar Bapai, in a state of ebb and flow of hope. He began by telling us that Government had every sympathy for all the legitimate demands of the Haj pilgrims, and that sounded most encouraging Presently, however, he started quoting from the report of the Haj Enquiry Committee and a little later he referred to another Bill practically to the same effect as the present Bill and showed under what circumstances that Bill failed, and he gave us a quotation from a speech of the late Honourable Sir Fazl-i-Husam All this indicated that the Government's mind had been made up That inspired gloom, but it was most reassuring to find him saying at the end that the mind of Government was still open, and on that assumption I venture to offer a few remarks.

**Sir Abdul Halim Ghaznavi** : Louder please

**Syed Ghulam Bhik Nairang** : This Bill on the face of it is intended to mitigate one and only one of the host of grievances which the Haj pilgrim has. If one were to recount all the grievances the Haj pilgrims have and which are ventilated from time to time in the press and otherwise, they are legion, but as far as the provision of a reasonably adequate space for accommodation of each pilgrim in a ship is concerned, this Bill is intended to remove that grievance. To an ordinary mind the improvement which it is sought to effect in the present law does not appear to amount to a very extravagant demand. A minimum of 16 square feet is allowed by law at present and it is sought to raise it to a minimum of 18 square feet and a proportionate increase in the cubic dimensions available for each pilgrim. So it does not strike one as if the demand were extravagant, but history has been repeating itself very regrettably in the matter of all demands,—

[Syed Ghulam Bhik Nairang.]

at least most of the demands made on behalf of the Haj pilgrims from time to time, and as on the previous occasions, on the present occasion again the ever recurring objection has been trotted out that it is the pilgrim themselves who are to blame for any inconvenience which they suffer in the matter of space in the ships because they carry with them lots of luggage and do not arrange to have their extra luggage put in the hold but would like to have that luggage lying about them and, therefore, they suffer inconvenience in the matter of space. That is the one thing which has been said in various forms by Mr Boyle and others. The second thing is that the boggy of a likely demand by the shipping companies for an enhancement of the shipping fares is raised again and again and has been raised on the present occasion too.

As far as the report of the Haj Enquiry Committee is concerned, I think it has been made sufficiently clear by speakers who have preceded me that it does not conclude the matter for ever and this has been very properly conceded by my Honourable friend, Sir Girja Shankar Bajpai. That Committee, no doubt consisted entirely, with the exception of the President, of Muslim Members of the Central Legislature. I had the honour of appearing before that Committee and giving evidence; in fact, I was very specially summoned because it so happened that about the time that Committee was appointed I had submitted a very comprehensive memorandum to Government about the grievances of Haj pilgrims and sent copies of it to the Muslim Members of the Legislative Assembly and the submission of that memorandum happened to almost synchronise with the appointment of this Haj Enquiry Committee. So that when I proceeded to the Hedjaz myself for Haj, a friend told me at Karachi that a Haj Enquiry Committee had now been appointed, and as I had published that memorandum and submitted it to Government this was now my opportunity to prove the points before the Haj Enquiry Committee and that, as I was myself proceeding to the Hedjaz, I should now personally look into all those points and collect any other points that there might be for the consideration of the Committee. He told me all this because my previous memorandum was based on materials collected by a friend of mine whose judgment I trusted and, therefore, I had prepared my memorandum according to the information supplied by him. When I went to Kamran I found a number of things there which needed the attention of Government and ought to have been put right. I addressed a letter to the Government on the subject of Kamran, and later on, after my return from Haj, I submitted another memorandum supporting the previous memorandum and enlarging upon it to a certain extent. Under those circumstances I was specially called by the Haj Enquiry Committee and was the target of a very severe cross examination about Kamran arrangements because I had particularly attacked the system prevailing there. Anyhow, I know something about the atmosphere that prevailed in and around the Haj Enquiry Committee. I had every faith and even now have every faith in the *bona fides*, public spirit, and a genuine desire to serve the pilgrims, which animated all the members that composed the Committee, and even the President who was a non-Muslim. But I must say that that report was made on consideration of a state of things which does not exist now in all its details. Matters have very much changed and now we should not only have an open mind in the ordinary sense of the term but really we should have a desire to find out what fresh things

have developed since and how far we can now meet the legitimate demands of the Haj pilgrims in the matter of space which is the only point now under discussion. This matter of too much luggage is from one point of view ancient history now. Up to the time when I went to the Hedjaz people used to take with them a lot of foodstuffs,—flour, rice, *dhall*, *ghee* and other things—and their own cooking utensils and all the paraphernalia that one needs to prepare one's food. That was the general practice and those things made up nearly half the luggage which normally every Haji had with him. Now, that state of things has ceased to exist because under the rules every pilgrim has to pay a lump sum for his food which the shipping company supplies to him during the voyage, both when proceeding to Jeddah and on his way back. That part of the luggage has now been cut down by law. As regards the other luggage, I imagine that consists mostly of clothes, bedding and one or two other things such as a deck chair or a folding bed and I do not think that Mr Boyle really meant it to be taken seriously when he suggested that an extra enterprising pilgrim had carried his father as part of his luggage. That is the funny story to which Mr Boyle has treated us. Sometimes facts are stranger than fiction but I do not think that Mr Boyle meant to suggest that there are many dutiful sons who carry their fathers in that way to give them the privilege of performing the Haj. He must have mentioned this curious thing just to enliven this dry debate. I do not think he was very serious about it. Really the amount of luggage has been very much cut down. During the return voyage, I must admit, every Haji has a certain amount of dates and *zam zam* with him but that does not make any material addition to the luggage. The crowding of space on the score of luggage cannot, I think, be seriously maintained. Our friends, Sir Henry Gidney and Mr Boyle may have visited pilgrim ships but certainly those who perform the whole voyage from Bombay to Karachi and Jeddah and back—their knowledge and experience ought to carry greater weight. This boggy of too much luggage need not be seriously considered and can be easily dismissed. Then, as regards the fear which was held out that if we secure the provision of a little more space for the pilgrims we may unconsciously inflict on them a penalty in the shape of increased charges, that is a matter which should not very much deter us from giving effect to humane considerations, considerations of sanitation and so forth. A larger minimum space for each pilgrim should be provided by law even at the risk of a little more payment.

Now, Sir, we are faced with a motion by Mr. Boyle that this Bill should be circulated for eliciting opinion. It has been made quite clear by several speakers who preceded me that this circulation will, though not so intended, really have the effect of unnecessarily delaying the consideration of the measure itself. I do not think it is really needed. I do not know what useful information can be gathered by circulation but as my Honourable friend, Sir G. S. Bajpai, on behalf of Government, has expressed himself to be more in favour of circulation than the Select Committee motion, and as all the speakers who have favoured circulation have at the same time expressed sympathy with the Bill and further because the objectionable feature of Mr. Boyle's amendment, which as circulated to us gives no date and appears to mean that the Bill is to remain in perpetual and eternal circulation, which would have postponed the consideration of this measure till doomsday, has been removed by the insertion of a date. I have consulted the Members of my Party. The Honourable the Mover of the Bill is willing to consent to the proposal for

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[Syed Ghulam Bhik Nairang.]

circulation but we must express the strong hope that the Government, after the Bill comes up again after circulation, will not further postpone consideration of the Bill by another motion that it should be referred to a Select Committee. After opinions have been obtained, I hope that Government will be good enough to see that the Bill comes up for consideration at the earliest possible moment. With these remarks I accept the motion for circulation on behalf of my Party.

**Maulana Zafar Ali Khan** (East Central Punjab Muhammadan): An extra loyal gentleman of a past age once coined a happy phrase—that the British Government was the biggest Muslim Empire in the world: This did not mean that the sovereign of this Empire was a Musalman nor was it intended to mean that the British Cabinet was composed of Muslims. What he intended to convey was that millions and millions of Musalmans were the subjects of the British Crown. There are ten crores of Muslims in India and there are other lands either directly or indirectly under the British Crown where there are millions of Musalmans. Now, it is a strange fact that after being connected with the Islamic world for over a hundred years the Britishers do not realise what the needs of the Musalmans are and what Islam is. Haj pilgrimage is one of the fundamental articles of faith with the Muslims. There are five articles of faith and one of them is pilgrimage to the Hedjaz and it is obligatory upon every Musalman, once in his lifetime, to go to the Hedjaz. Now, obviously it ought to be the duty of a Government, which is called by its admirers the biggest Muslim Empire of the world, to see to the comforts of the pilgrims and in fact to run a fleet of official ships to take the pilgrims to the Hedjaz and bring them back at actual cost and not as a business concern. I am a Haji myself and when I went to perform my Haj I saw the Javanese pilgrims. They were a happy lot. I was informed that the Dutch Government took greater care of its pilgrims than the British Government. During the voyage I saw that the lot of the pilgrim traveller was an unhappy one. The ships were very overcrowded.

**Mr. M. S. Aney:** In what year did you go?

**Maulana Zafar Ali Khan:** It was in 1926.

**Mr. M. S. Aney:** So you are an old Haji.

**Maulana Zafar Ali Khan:** Sir, their lot was a very hard one, there was much overcrowding. The superficial space on the deck allotted to the Hajis was so small that they could not sleep, they could not keep their baggage in that small space and, as my Honourable friend, Maulana Ghulam Bhik Nairang, has already pointed out, the quantity of baggage taken by the Hajis is not so large that they would require part of it to be consigned to the hold. Only absolutely necessary things were taken and they were made up in a small parcel. But even then there were great troubles and the discomfort was so great that many of them came to me and asked me to take up their case when I returned to India and to call upon the British Government and the leaders of the Muslim community to do something for them. Well, Sir, many many years have

rolled by since the Haj Enquiry Committee was appointed. Then, unfortunately, the shipping concern that was in the field and which was responsible for taking the pilgrims from India to the Hedjaz was only one very rich company, Messrs. Turner Morrison and Co. There was no rival in the field and, therefore, they did what they liked with the pilgrims and this story of trouble and distress went on. Then there was another company in the field—the Scindia Steam Navigation Company. These companies have always exploited the religious sentiments of a community when they think that it brings some money to their coffers. So, now that there are two rival companies in the field, we thought that the time had come when the troubles of the travelling public would end because their healthy rivalry would protect the interests of the travelling public, but, unfortunately, the Government interfered and made a discrimination in favour of a certain company. We are told that the rate at which a pilgrim would be carried from India to the Hedjaz was fixed by Messrs. Turner Morrison and Company at Rs 169, whereas the rate of the rival company was Rs 216. Why was this great difference? Because the first rate was uneconomic and had to be lowered, knowing that the rival company would not be able to bear the strain and the time would come when their rate would go up when the other company was out of the field. This is a purely business concern. A Haj passenger on the deck wants larger space. If one company does not give that larger space, a regular tug-of-war goes on between the two companies. Let them compete, and let not the Government interfere, and, so far as this Bill before us is concerned, it is a very small affair. It ought not to take more than five minutes to solve the whole problem, but obviously there is no value of time in this House. A very trivial matter goes on for hours and hours together. What this Bill requires is that instead of sixteen feet, eighteen feet should be allowed. If my Honourable friend, Mr Boyle, had been sympathetic towards Islam and towards the Musalmans or towards the poor Muslim public, then he would not have grudged them this little additional space. Sir, I am very glad that Mr Lalchand Navalrai has told the House that because he is a Hindu he should not be looked upon as being unsympathetic to the principle of the Bill because the idea of a pilgrimage is not foreign to Hindus. An Englishman may become an atheist, he may look upon religion as a thing to be laughed at, but a Hindu would not because he knows what Hardwar is, he knows what the *Magh Mela* is. Therefore, he can appreciate the troubles of his Muslim brother. So this is a subject in which the Hindus and Muslims are equally interested. My friend, Shaikh Fazl-i-Haq Piracha's Bill, wants a small thing. If the House knew its duty, if the European Group realized its obligation to many millions of men, and if Sir Girja Shankar Bappai, who is obviously sympathetic, appreciated our point of view, something would be done and now that my friend, Syed Ghulam Bhik Nairang, has declared that we are agreeable to the circulation motion, then I think there will be no more objections raised and this small concession would be conceded. With these words I support the motion for conditional circulation.

**Some Honourable Members:** The question may now be put.

**Maulvi Muhammad Abdul Ghani** (Tirhut Division: Muhammadan):

Sir, I do not wish to take up more of the valuable time of the House but I want to submit two things. My Honourable friend, Sir Girja Shankar

[Maulvi Muhammad Abdul Ghani.]

Bajpai, has taken shelter under the recommendations of the Haj Enquiry Committee of more than a decade ago, since when circumstances and opinions have changed and the world has progressed further so much so that in these days independence is demanded and you know, Sir, that Commissions after Commissions are issued for revision of constitutions. Sir, the last point taken by him was that the fares should proportionately be increased of the Haj pilgrims. But I must remind my Honourable friend that on occasions of religious festivals like Christmas, Easter and the Durga Puja holidays the fares are reduced and concessional rates are granted, but I regret very much that in the case of these poor Hajis who, unfortunately, are Muslims, no concession is going to be made and that is intolerable. Sir, there is no rate fixed at present. Supposing there is an increase by Rs. 20, to what fare should it be added? One company demands Rs. 215 and the other company demands Rs. 167. To which of these two rates will there be an increase of Rs. 20? If there is any fixed rate, the matter can be considered. Now, Sir, it is very surprising that my Honourable friend, Mr. Boyle, who is more than six feet tall, should oppose the allotment of additional space to the pilgrims. If Mr. Boyle wants to sleep, he requires 6 by 3 feet at least and that comes to 18 square feet. How can he sleep in 16 square feet? If he wants to sleep in 16 square feet, he must shorten his leg or his head. He has evidently forgotten that there are men from the North-West Frontier province who are seven feet tall. If, for instance, my Honourable friend, Sir Sher Muhammad Khan, wants to go on pilgrimage, he would require 24 square feet to sleep. My Honourable friend, Mr. Boyle, should not also forget that today he is a Christian and it is probable that tomorrow he might get himself converted to Islam and then it will be obligatory on him to perform Haj. I cannot say that I appreciated his claim to be an expert in religion. He manufactured a story. A deck passenger could take his father as a luggage. I say it that a first class passenger can take both his parents as luggage. I appeal to Sir Girja Shankar Bajpai to be a little more sympathetic towards the demands of the Haj pilgrims. The matter requires simply marking the seats. It is only a small increase of 2 square feet. Now-a-days railways also are marking off seats and the same process might be applied to deck passengers. I appeal to the Government to reconsider their position and accept the motion for reference to Select Committee.

**Some Honourable Members:** The question may now be put.

**Mr. President** (The Honourable Sir Abdur Rahim). The question is:

"That the question be now put."

The motion was adopted.

**Mr. President** (The Honourable Sir Abdur Rahim): The question is:

"That the Bill be circulated for the purpose of eliciting opinion thereon by the end of June, 1940."

The motion was adopted.



# THE ALIGARH MUSLIM UNIVERSITY (AMENDMENT) BILL

**Dr. Sir Ziauddin Ahmad** (United Provinces Southern Divisions: Muhammadan Rural). Sir I beg to move:

"That the Bill further to amend the Aligarh Muslim University Act, 1920, for a certain purpose, be taken into consideration

Sir, I may be permitted to describe briefly the history of the development of Universities, as back ground for my arguments. I should like to refer briefly the history of our institutions from the very outset to help us to arrive at a proper decision. Sir, we all know that in the old days, there were no regular schools or colleges in the sense as we understand them to-day. The teachers had very little requirements, they needed no salary. We know that Pythagoras always lived in a cave, Diogenes lived in a dog's den and Plato lived in a garden and had left Athens. Coming to Islamic period, the lectures were always delivered in mosques or at the residence of the teachers. The first University, as we understand the term now, was built in Baghdad by Nizamulmulk in 459 A H. I will just quote from "Risalyal Shibli" written by Maulana Shibli:

"On the occasion of the opening of this great university at Baghdad, the people of the town flocked in large number and celebrated the occasion with great pomp and dignity."

People of Baghdad were very jubilant at the opening of the first University. It is remarkable, says Maulana Shibli on the following page:

"When the news of the establishment of a University at Baghdad, reached the learned men of Transjordan, they held a condolence meeting and said that 'henceforth learning will not be acquired for its own sake, but it will be used as a means to obtain high position in life'."

I do not want to exhaust the House with details, but I would refer you to this particular book where a list of the Universities established by the Muslims is given. The one characteristic feature of all these institutions was, I will again quote from Maulana Shibli's book, Salah-Uddin established Universities at Cairo, Alexandria and other places and the characteristic feature of the institutions established during the Muslim period.

Everybody who came to the Universities for learning was given free board, and free lodging. Books and other necessities of life were also free and all expenses were paid by the State. Students had to pay no fees. They were all maintained by the State. These were the traditions of the Universities in the Muslim period. When we come to European countries, we find that the first University was established at Salerno in Italy in 1232. That was really on the lines of the Universities of Cordova and Istambole. It was followed by a University at Bologna which was purely a University of law. In France the first University was established in Paris and the characteristic features of this University were about the same as those existed in the Universities of Alexandria, Istambole and Cordova. Separate hostels were provided for students coming from different countries and some of these hostels were maintained by the countries themselves.

In England, we know that the first Universities were established at Oxford and then at Cambridge. These universities were residential universities and so the question of affiliating any institution outside their existence never arose either here or elsewhere. The establishment of the London University in 1820 is a land mark in the history of Universities.

[Dr. Sir Ziauddin Ahmad]

That is really a year when a new departure was made and we deviated from the practice of other universities of the world. The London University was the first university which began to affiliate the colleges all over the Kingdom. Now, in India, when we established our University in 1857 we followed, unfortunately, the London pattern and we started at the very outset with an examining body which affiliated colleges maintained by private bodies and by the Government all over the country. This idea of affiliating universities continued to attract the attention of the British people for a considerable time and it became very popular in British Dominions. Other affiliating Universities were established in the United Kingdom. But the opinion in England began to change about 1906, when the colleges of Midland University were raised to the rank of the Universities. They appointed a Commission on London University, which was presided over by Lord Haldane; and the Commission recommended that the London University should be changed into a teaching and residential university. Just about the time when the Haldane Commission had reported, the Calcutta University Commission sat in India and it literally followed the recommendations of the Haldane Commission and condemned the affiliating universities, and it recommended that all the affiliating universities should be replaced by teaching and residential universities. Now, after the war, Lord Haldane himself changed his mind and in the convocation address which he delivered at the University of Wales, he said that although he was in favour of the residential system some time ago, he found that the circumstances were such that the affiliating universities were indispensable. Mr Richey expressed the same opinion in his quinquennial review. So, the person who was the author of this replacement and whom the Calcutta University Commission followed changed his mind and he advocated the Universities of affiliating type again. We followed the recommendation of the Calcutta University Commission in the United Provinces although the Calcutta University itself never looked at those recommendations. But we found in the United Provinces that the affiliating universities were absolutely indispensable, and after a few years' experiment they had to establish an affiliating university at Agra, which took in its fold all the colleges of the United Provinces, Central India and Rajputana. This is the history of the affiliation of the colleges. We have seen that during a small period of about 15 years, the opinion changed and rechanged, and today the opinion is not definitely opposed to the affiliating universities.

Now, when we come to the question of the recognition of schools. Here the position is quite different. Even the University of Cambridge, which really serves as a model of the teaching and residential university, recognises schools for the purpose of examinations not only in England but all over the British Empire. You will find that the Cambridge University conducts the examinations for the students residing in all parts of the British Empire, i.e., India, Ceylon, Malaya and other countries. They do not award any privileges to the schools which are under local Inspectors but they admit the students in their examination.

**Lieut.-Colonel Sir Henry Gidney** (Nominated Non-Official): Not the University.

**Dr. Sir Ziauddin Ahmad:** The University does not do it directly but these examinations are conducted under the aegis of the University.

**Lieut.-Colonel Sir Henry Gidney:** No, no.

**Dr. Sir Ziauddin Ahmad:** Had it been a question of medicine, I would have followed my Honourable friend, but in this case he should follow me. There are eight different University authorities who admit to their Matriculation Examinations students from public and private schools. The same is the case in France. We find that the examinations are now being conducted under the aegis of the Paris University all over the places in the French Empire. In Germany, we find that the question of conducting the examinations by the Universities does not arise because every High School conducts its own examination and these examinations are recognised by all the Universities. The Previous Examination of Cambridge, Responson of Oxford, Preliminary Examination of Scottish Universities and Matriculation Examination of London University admit to their examination students from all parts of British Empire.

The position of colleges, however, is a little different from the position of schools. Though there is a room to discuss about the question of the affiliation of the colleges, there is very little room about the question of conducting examinations for purposes of admission to the University.

Now, I come nearer home to the Aligarh University and will apply these principles to the motion before us. The idea of establishing a University at Aligarh was first mooted in a practical form in the year 1898, soon after the demise of the founder of the institution. Then came the University Commission of 1902-03 which was presided over by Raleigh. It recorded that it was not desirable to establish a communal university and it definitely recommended that the Aligarh and the Benares Universities ought not to be established. Now, in 1910, on account of the annulment of the partition of Bengal, a special situation arose in India and we found that the Government lent its support to the establishment of a University at Aligarh, a University at Dacca, an Islamia College at Peshawar and an Islamia College at Lahore. All these institutions began to develop in consonance to the political situation. In 1911 a deputation of leading Mussalmans waited on Sir Harcourt Butler and laid before him the proposal for establishing a Muslim University of affiliating type before him. After a conversation with this deputation, Sir Harcourt Butler sent a despatch to the Secretary of State and, after consulting him, he wrote in a letter dated the 31st July, 1911, that the Secretary of State accepted in principle the proposal of Aligarh University. In paragraph 13 of this despatch it said:

"The affiliation of outside colleges and the recognition of schools should require the sanction of the Chancellor"

That is to say, the Government of India, in 1911, in order to please the Muslim community, consented that the University should have the power to affiliate colleges and to recognise schools. On this assurance of the Government of India, the Muslim University Foundation Committee began to collect subscription and to raise funds for the purpose, and on this assurance, it prepared the first draft of the Muslim University Bill. It was provided in this draft Bill that the University shall affiliate such institutions only which shall be conducted on the residential system and on the principle and model of the University Colleges, that is, the M. A. O. College, Aligarh, and which shall have attained a standard of efficiency that may be deemed satisfactory in accordance with the Regulations framed in this behalf. All institutions situated

[Dr. Sir Ziauddin Ahmad]

outside Aligarh shall require, for affiliation, recommendations of the Senate and sanction of the Chancellor according to the Regulations in this behalf.

We continued to work out the details of the constitution for a year and we began to collect subscriptions by sending deputations all over the country. Then we suddenly found a year later that on the 23rd September, 1912, Sir Harcourt Butler sent a telegram followed by a letter which came like a bolt from the blue, and in this letter he said.

"As regards what I may call the external relation of the University, His Majesty's Secretary of State has decided after mature consideration that the proposed university should not have powers of affiliation outside the locality in which it may be established."

Therefore, after a year when the public mind was not so much agitated, this change was made. If the Secretary of State's permission was necessary, it surely did not require 14 months. It could have been obtained in a week. Naturally, when that opinion was received, the constitution committee referred the matter to various persons and I have got with me the opinions of various personages in this file, and I refer only to few.

Nawab Sir Abdul Qaiyum said.

"The money collected for the university should be refunded because we collected it with a definite promise that it will be an affiliating university."

Sir Mohammad Iqbal said

"The trend of opinion in the Punjab is that if a university which would concentrate all Muslim education of this country cannot be granted to us, it is useless to spend money upon it which may not differ from other universities in India."

Other gentlemen like Nawab Syed Muhammad and Sir Fazalbhoy Currimbhoy and others expressed their opinion in the same way.

His Highness the Aga Khan telegraphed

"My humble opinion to community throughout India is that they should make representation for power of affiliation to Government and prayer for reconsideration."

After receiving this report the foundation committee met and decided that the Muslim community was not prepared to accept a university in which the power of affiliation granted about 14 months ago was now withdrawn. And inspite of it, the fact that the Government of India were willing to offer a lakh of rupees a year, they did not care for it and rejected the university in 1912.

Soon afterwards, the promoters of the Benares Hindu University came into the field and they accepted the university on the same conditions which were offered to Aligarh and which were refused in 1912. They accepted the university in 1914. After waiting for four years, the Muslim University Foundation Committee changed its mind and decided to accept a university as promised in the letter of Sir Harcourt Butler dated the 23rd September, 1912, "provided that the powers are given to the Muslim University, Aligarh, of recognising schools outside Aligarh, similar to those exercised by the Government universities." Therefore, they accepted it on condition that the power of recognising schools should be given to them. And when Mr. Montagu, Secretary of State (who was an old contemporary of mine at Trinity College, Cambridge), visited Aligarh, I had a talk with him and he told me that when he refused the power of

affiliation he never imagined that recognition of schools could be denied because that stands on a different footing from the affiliation of colleges. This was of course verbal. On this assurance of the Secretary of State and on the letter written by Sir Harcourt Butler the University Foundation Committee appointed another committee to redraft the entire Act and the Ordinances. At that time, I published a book about the Muslim University constitution in which from my knowledge of facts as then existed, I said that the position about recognition of schools in 1916 was the same as it was in 1912. The power of recognition of schools was never questioned. We were getting it then, and we were getting it in 1912.

In this draft which was prepared by Dr. Wali Muhammad and Dr. Rahman they omitted the affiliation of colleges altogether and accepted the terms laid down in Sir Harcourt Butler's letter in which he said that "the University shall, subject to the Regulations, have the power to establish and recognize schools in and outside Aligarh." This draft was discussed at a meeting consisting of the Education Member, the Education Secretary and the representatives of the Muslim community, including myself, and it was agreed in clause 17 of the proceedings that the recognition of schools and intermediate colleges should be arranged exactly in the same way as in the Benares Hindu University. We were given a copy of the Benares Hindu University Act, Statutes and Regulations and we found that they had framed Regulations for recognising schools all over India. They had framed the Regulations and I thought everything would now be all right because the power was there and we could draft our rules in the same manner as the Benares Hindu University had done. That was the promise held out . . .

**Sir Girja Shankar Bajpai** (Secretary, Department of Education, Health and Lands): May I have the date of this meeting?

**Dr. Sir Ziauddin Ahmad:** It was on the 23rd and 24th March, 1920.

This satisfied us and then a Bill was prepared by the Government of India and laid before the Council. They did not invite me, who was the author of these constitutions since 1911 and one of the authors of the Calcutta University Commission's report, but they invited the help of Nawab Syed Muhammad Ali to represent the Muslim University. I sensed a danger in sub-clause (2) of clause 12 in that it might restrict our powers and I asked Sir Saith Haroon Jaffar to move this amendment "That sub-clause (2) of clause 12 be deleted." I have in my hand a copy of his proposed amendments. He received an assurance at that time from the Education Member (Sir Mian Muhammad Shafi) that the recognition of schools would not be affected by this sub-clause and on that assurance he withdrew the amendment.

Of course, there is nothing in writing, but he spoke to me and I replied "It this assurance is given to you, then you may withdraw it", and he withdrew it. Subsequently, when Nawab Muhammad Ali went back to Aligarh and this question was again raised and he also gave the assurance that this power of recognition will not be withdrawn by virtue of this particular clause which I now seek to amend. But we found suddenly

[Dr. Sir Ziauddin Ahmad.]

that the Education Department referred the matter to the Law Department and the Law Department gave a different ruling about section 12(2) which reads as follows:

"With the approval of the Academic Council and the sanction of the Governor-General in Council and the recommendation of the Visiting Board and subject to such conditions as may be prescribed by the Statutes and the Ordinances, the University may admit intermediate colleges and schools in the Aligarh District to such of the privileges of the University as it thinks fit."

Though it does not say that we cannot recognise schools outside Aligarh District for the purpose of sending candidates, it is implied in the opinion of the Law Department of the Government of India that such power has been taken away. I referred this question to our lawyers and though they say that this may be a possible interpretation, it is not very clear; and they held the opinion that this particular section, which I seek to amend does not really take away the power of recognition. But the opinion of the Law Department over-rides all other opinions. My first complaint is that as soon as they discovered that this particular clause takes away the power of recognition of schools which they never intended, they ought to have honoured their own pledges, and to be honest to the Muslim community they should have altered the section themselves (Interruptions.) My friend here interrupts me and says "Why did we not do it then?" But I would remind him that we were then in the middle of a great fire, the fire of non-co-operation from 1920 to 1925, and we were doing yeoman service to the country, to the Government and to educational world by putting up a strenuous fight against non-co-operation; we were really fighting for the very existence of our institution; and it was the duty of the Government to come forward and help us by honouring their promises. They did not do so and I think it is their duty to come forward themselves with a Bill of this nature: Sir Girja Shankar Bajpai ought to have come forward himself with this Bill and I think it is very unfair of him not to have done so and to suggest that it should be circulated.

The story does not end here. My further grievance against the Government is in connection with the power to admit students as private candidates which is definitely there and which is enjoyed by the Benares Hindu University as well. The Government must honour the pledge, given by Sir Henry Sharp and Sir Muhammad Shafi that we would get exactly the same terms as the Benares Hindu University. Sir, the Hindu University has got the power to admit students as private candidates for examinations. I have the calendar of the Benares Hindu University in my hand. I may refer you to Chapter XL of this book. The Regulations here lay down the conditions under which a private candidate can appear in the High School Examination. We framed our Regulations on exactly those lines, thinking that we would not be denied the same privileges that were given to the Benares University according to the pledges given to us. But Government said: "You were good boys as long as you were fighting the non-co-operation movement, but now you are different." As soon as Nawab Sir Musamilullah Khan was elected Vice-Chancellor he was sent for by the Governor of the United Provinces and on his return he sent the following letter to the Registrar

"Whereas it has come to my notice that the High School Examination for private candidates in this university is according to the version of the Government authorities (there is nothing in writing) is against the University Act and the ordinances,

I ask you please to discontinue receipt of fees and application forms as from this date and any fee that may be received by money order or insured post should be refunded and that it should be notified to the public and the candidates that no further applications and forms may be accepted "

We had previously received fees from a large number of private candidates which had to be returned. This letter was dictated at the suggestion of the Governor of the United Provinces and Mr. Hickey, the Education Commissioner. I protested against such action on behalf of private candidates. I got no reply. The students from Bhopal were also admitted as private candidates and Her Highness the Begum of Bhopal wrote to the Governor of the United Provinces that she received complaints from students in her State against such orders. The Governor allowed the Bhopal students to appear as private candidates. Sir, I never heard of such a procedure. I protested strongly against the procedure followed in this case and said that if the whole thing was illegal then how could the Bhopal students be admitted and how could it become legal in this case? There was one interpretation for the rich and another for the poor.

The story does not end here. When the matter came up before the Academic Council, it consulted the legal adviser of the University and he said that the ordinances and statutes do not prohibit us from admitting students as private candidates and the Council passed the following resolution proposed by Prof. Habib.

"In view of the fact that the Government of India has not yet replied to the application of the University for a decision on the question of the right of the University to admit private candidates to the High School Examinations of the Aligarh University and that the Government has already admitted students from Bhopal, and that other private candidates had been preparing for our High School Examination, I beg to propose that private candidates be admitted to our examination of 1928 as for the last five years "

This was passed. We again approached the Government of India, but got no reply. The candidates coming from places outside  
 4 P.M. Bhopal were debarred. For the last twelve years we have been approaching them, but we have had no reply from the Government of India. We wanted to know under what authority they stopped the progress of education in this high-handed manner. We were expected to follow law and the Government is also expected to take action under powers given to them by law.

I will now recapitulate my difficulties and complaints I have to make against the Government of India.

My first complaint is that, they allowed in July, 1911, our University to affiliate schools and colleges all over India but in August, 1912, they disallowed it on the ground that the Secretary of State did not agree to such affiliation. Why did they take such a long time to communicate this decision to us? Why was not permission obtained from the Secretary of State by telegram? Why did they take such a long time? I am not of course criticising the present Secretary of the Department, Sir Girja Shankar Bajpai, because he was not heard of at that time in the Education Department.

**Sir Girja Shankar Bajpai:** I was not heard of then even in the I. C. S.

**Dr. Sir Ziauddin Ahmad:** My next complaint is that the wordings of both the Aligarh and Benares Hindu Universities are just the same, but in our case they had made a certain innovation, which is certainly wrong. They added in the marginal notes 'the power to recognise intermediate colleges and schools'. These marginal notes really confused the Law Department of the Government of India. The sense of 'the admission of certain institutions to the privileges of the University', as mentioned in the section is very different from the sense of 'recognition of schools', as put down on the margin. The two phrases convey entirely different connotations, and they put the Law Department on the wrong track by putting on the marginal note a heading which the section did not imply. Marginal notes are not part of the Act.

Then my third complaint is that the Law Department gave a certain ruling which was really against their intention. The intention of the Government gave us the power of recognition but it was taken away inadvertently, they took no action to amend the Act and give what they intended to give.

My fourth complaint, which is of a more serious nature is that when the Government of India found that the power of recognition was *ultra vires* under a particular clause, they adopted differential treatment in the Aligarh and the Benares Universities. The clauses of the Act are the same. The Regulations about recognition of schools in the Benares Hindu University were allowed to be retained, but in case of Aligarh they were not. Certain schools were recognised prior to 1922, prior to the time when this ruling was obtained. They are still there. As soon as this ruling was obtained, it was the duty of the Government of India to notify that all the regulations dealing with the recognition by the Benares Hindu University were *ultra vires* as they did in case of Aligarh but they did not do it for Benares.

The provision is still here, the recognised schools are still there, but the only thing they did was that by executive action they disallowed the Benares Hindu University recognition of further schools. If the regulations of one University are declared *ultra vires*, then it stands to reason that the same regulations in respect of the other University should be declared *ultra vires*, and all the schools recognised by the Benares Hindu University should be declared as disaffiliated. But they did not do it.

**Mr. N. M. Joshi** (Nominated Non-Official) What will you gain by that?

**Dr. Sir Ziauddin Ahmad:** I want that no discrimination should be allowed, I don't want other persons to become lame. I want my lameness to be removed. The Government did not take any action, and all the time we were expecting that they will take the necessary action to modify the Act relating to the Aligarh University in the manner that I am now demanding.

**Pandit Lakshmi Kanta Maitra** (Presidency Division Non-Muhammadan Rural) Do you mean that the Aligarh University required affiliation for schools all over India?



**Dr. Sir Ziauddin Ahmad:** Yes, what Benares has got, I would refer you to the Regulations of the Benares University.

My next complaint is that the Government of India instead of sending any official circular for stopping our private candidates, merely asked verbally the Vice-Chancellor to stop private candidates, and never committed themselves in writing and I consider it to be one of the mistakes of my life which I committed in 1926 by putting up an internal confidential fight with the Government of India at that time. I ought to have resigned and agitated the Muslim community then on this issue. But I thought that Muslim mind was sufficiently agitated otherwise. The Government of India then went further on account of my avoiding open fight with them. I had collected about 8½ lakhs of rupees for starting a technological college and they stopped the creation of the department of technology in 1926 and 1927.

**An Honourable Member:** How can you fight the Government when you have got a Knighthood?

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member ought not to interrupt like that. He ought not to make such observations.

**Dr. Sir Ziauddin Ahmad:** Knights fight better. I think I ought not to mention further development, but still I would briefly refer to one thing Sir William Marris who was then Collector of our district, and he as Collector was very much opposed to the M. A. O. College on account of certain incident that happened at that time, but when he became the Governor of our Province he continued his grudge against the University. I know that Lord Halifax was loath to interfere and take the action which Sir William Marris recommended. On account of his persistent demand, Lord Halifax shoved the unpleasantness to Her Highness the Begum of Bhopal. I end the story here. I want recognition, I don't want fight.

Now, Sir, as regards the proposal for circulation of this Bill, I know what kind of opinions we can get. I can tell you even now what the opinions will be. All the Mussalmans will say that a great injustice has been done to the Aligarh Muslim University and power of recognition ought to be restored. The United Provinces under the influence of our friends will say 'No'. The Bengal Government will also say that the power of recognition should be given. I know definitely this will be the opinion, and I can write almost verbatim what reply my friend, Sir Girja Shankar Bajpai, will get; but as it has been arranged between the Vice-Chancellor and Sir Girja Shankar Bajpai that this should go out for circulation, I agree to circulation motion. No great harm will be done, because the Bill will be taken up again in September this year. I must admit here that Sir Girja Shankar Bajpai has been so considerate as to fix an early date for the replies. We would be in time to take up this amendment in the next Session of the Assembly. But I do request my friend to do one thing more. If he is satisfied that a wrong has been done, then he should take this up as a Government measure and coming from him would show good grace. With these words, I move the motion.

**Mr. President** (The Honourable Sir Abdur Rahim) Motion moved

"That the Bill further to amend the Aligarh Muslim University Act, 1920, for a certain purpose, be taken into consideration"

There are two amendments, one in the name of Sir Girja Shankar Bajpai and . .

**Dr. Sir Ziauddin Ahmad:** May I just say, Sir, that the amendment in the name of Sir Abdoola Haroon is the one which I accept, so that the Bill if circulated should be circulated with the amendment of Sir Abdoola Haroon?

**Mr. President** (The Honourable Sir Abdur Rahim): That cannot be done Sir Girja Shankar Bajpai.

**Sir Girja Shankar Bajpai:** I beg to move.

"That the Bill be circulated for the purpose of eliciting opinion thereon by 31st July, 1940"

I am afraid I was the supporter of a motion earlier in the day for circulation also and my Honourable friend, the Deputy Leader of the Muslim League Party, might well dub me as the Member for circulation instead of member for Education, Health and Lands in this House. But really the proposal which I commend to the House is in the best interests of the University and of higher education generally.

My Honourable friend, Sir Ziauddin Ahmad, starting from first principles, has traced the history of the affiliating universities back to the middle ages and beyond. If I may say so, I am quite prepared to accept without question or demur what he had to say with regard to mediaeval and ancient history. I do not think that any dispute to that is likely to be of any particular value in so far as this particular measure is concerned. Then, coming to more recent history, beginning, shall we say, with 1911, when the project for the establishment of a Aligarh Muslim University came up before the Government, I am prepared to concede that there were divergencies of opinion between the Government and promoters of the University project at different times. My Honourable friend has suggested that Government have been guilty of a breach of faith, that it was at first announced by them that the University would have the power to affiliate schools and subsequently . .

**Dr. Sir Ziauddin Ahmad:** . . . and colleges.

**Sir Girja Shankar Bajpai:** . . . "schools and colleges", but at the moment I am limiting myself to schools because my Honourable friend's Bill relates to schools and not the colleges. My Honourable friend, as I was just saying, was suggesting that there has been some breach of faith. On this subject I have before me here an extract from the proceedings of a meeting presided over by the Honourable Sir Sankaran Nair, then Education Member, which meeting considered the draft regulations of the Aligarh Muslim University, really the ordinances of the Aligarh Muslim University.

**Dr. Sir Ziauddin Ahmad:** What is the date of that meeting?

**Sir Girdja Shankar Bajpai:** The date of that meeting was the 27th August, 1917. At that meeting, Sir Sankaran Nair made it abundantly clear that it would not be possible for him to incorporate in the Bill provisions which conceded to the University of Aligarh greater privileges in the matter of affiliation than were enjoyed by the Hindu University of Benares, and it was agreed to by the representatives of the Aligarh Muslim University Promotion Committee that parity of treatment between the two Universities should prevail. Now, by the Statement of Objects and Reasons, an impression has been created that the actual terms of the two Acts differ in particular or material respects. I shall for the information of the House read out the relevant provisions. I will read, first, section 12A of the Aligarh Muslim University Act. This is what it says.

"With the approval of the Academic Council and the sanction of the Central Government on the recommendation of the Visiting Board, and subject to the Statutes and Ordinances, the University may admit Intermediate colleges and schools (*now follow the important words*) in the Aligarh District, to such privileges of the University as it thinks fit."

Let me now read to the House sub-section (2) of section 15 of the Benares Hindu University Act which is the corresponding section:

"With the approval of the Senate and the sanction of the Visitor, and subject to the Statutes and Regulations the University may admit colleges and institutions in Benares to such privileges of the University, subject to such conditions, as it thinks fit"

I think Honourable Members will agree that materially the two sections are identical (Interruption by Mr Joshi.) They have not said Benares District, but I think the connotation was the geographical entity known as the Benares District. In any case, to continue the story, what happened was this, that the regulations framed by the Benares Hindu University did, as my Honourable friend, Sir Ziauddin Ahmad, has pointed out, include provision for the admission of students from certain schools in areas outside Benares,—for the admission of those students to the entrance examination of the Benares Hindu University. When the ordinances of the Aligarh Muslim University came up for consideration before the Government of India, some time in 1921, the matter was examined by Government with the assistance of their legal advisers, and it was held that the ordinances for the Aligarh University which were framed on the model of the Benares University regulations—that those ordinances were *ultra vires*. And it was also inferentially (and explicitly too) stated by the Law Department that the admission by the Government of India of the right of the Benares Hindu University to admit students from schools outside Benares to the privileges of the entrance examination of the University was *ultra vires*. To the extent that there has been what you might call discrimination or disparity at all, it has been due to an erroneous reading or interpretation of the law prior to the date which I have mentioned, namely, 1921. Since then the Government of India have steadily pursued a policy of complete equality with regard to the two Universities. Applications coming from the University of Benares for the exercise of the privilege which is provided for in the regulations have been steadily and consistently refused by the Government of India on this very ground, namely, that the framers of the Benares and Aligarh Acts had in view the establishment of residential and teaching universities and that it was outside the purview of such institutions to extend their activities to supervision of the system of education in schools—a supervision which would be necessary if you were to carry out effectively the principle of affiliation of the schools.

**Dr. Sir Ziauddin Ahmad:** May I just interrupt my Honourable friend? I say that the differentiation lies here. In the case of Aligarh you prohibited them from framing regulations, while in the case of Benares the regulations exist but by executive orders you stopped them from putting those regulations into practice. There is an enormous difference between the two.

**Sir Girja Shankar Bajpai:** I am unable to follow the somewhat subtle distinction of my Honourable friend; the practical effect in each case was the same. What my Honourable friend might say is; You did not actually proceed to the extent of notifying in the *Gazette of India* that the regulations of the Benares Hindu University were annulled by reason of the fact that they were *ultra vires*. Perfectly true, we did not do that, but, in effect, the equality of treatment as between the University of Benares and the University of Aligarh has been maintained. My Honourable friend asked a question, why was it that once this difference had been detected between the two and once the Benares and the Aligarh Universities authorities had brought to the notice of the Government of India the desirability of extending the scope of affiliation—why was it that the Government did not bring forward themselves the amending Bill which has now been placed before the House by Sir Ziauddin Ahmad? The answer is to be found in the historical survey of the evolution of educational theory which he himself gave. He said that up to a certain date, namely, 1911 the model of the London University, which is an University of the affiliating and examining type, was in favour. Then after 1911, the pendulum began to swing the other way in favour of the residential and teaching type. Subsequently Lord Haldane, with regard to Cardiff, went into the whole question of the functions of a university and his opinion swung back in favour of the university of the other model. The point is that where educational doctors have differed and differed fundamentally, and I think, my Honourable friend will be the very first to admit that even today at any rate in India—I am not speaking of educational opinion in England—there are strong differences of opinion as to whether a university should be a residential and teaching institution or whether it should also have its functions extended to permit of affiliation for purposes of examination. In any case, it is still, as far as I know, the authoritative opinion in this country that, whether a university is an examining institution or it is a residential and teaching institution, its activity should be limited to higher education and should not embrace school education. That is the position. However, I do not wish to be dogmatic about that. My Honourable friend, Sir Ziauddin Ahmad, has now put forward the view that the functions of the University of Aligarh should be extended to include . . . . .

**An Honourable Member:** You have told us the theory. What is the practice?

**Sir Girja Shankar Bajpai:** At present, the University of Aligarh can only recognise schools in the Aligarh District. That is the practice.

**An Honourable Member:** What about Benares.

**Sir Girja Shankar Bajpai:** Benares can recognise schools in Benares and Aligarh can recognise schools in Aligarh. That is the position and the proposition now is that the Act should be amended so as to enable the University of Aligarh—and, doubtless, if we make that amendment with regard to Aligarh, a similar proposition would come forward from Benares—the proposition now is that the Act should be amended so as to extend the privilege of affiliation to schools outside Aligarh. Now, as I said, I do not wish to dogmatise on the question of educational theory. All I should like to bring to the attention of the House is that there are two questions of fundamental importance. The first is the question of control. You say that you want authority to affiliate institutions for purposes of examination but it is pretty certain that if you do that with regard to schools outside the territorial scope of Aligarh, then in that case, another examining authority which is the High School or Intermediate Examination Board may say, 'You cannot run simultaneously candidates for one examination and the other examination. You must belong either to one system or to the other'. Therefore, the University authorities themselves will have to consider the question of a controlling and inspecting authority with regard to those schools which are outside Aligarh, and which may seek the privilege of affiliation with the University of Aligarh. That is a point which I submit deserves consideration and cannot be disposed of summarily by us here in this House. That is one reason why I suggest that the Bill, which my Honourable friend has put forward, should be circulated for the purpose of eliciting opinion. That is the question of control. Then arises the question of jurisdiction. You give authority to this university to recognise schools not merely in Aligarh district, not merely even in the United Provinces. That is not the suggestion. The suggestion is that you give authority to recognise schools all over India. I am not suggesting for a moment that I have come to a definite opinion at this stage as to whether this is right or this is wrong, but what you have to take into account is the reaction of those authorities in the provinces who are at the present moment in charge of intermediate and high school examinations. It seems only fair that they should have the opportunity of expressing their opinions on the question of jurisdiction as well. Those are the main reasons why I have suggested for the consideration of the House the alternative or the amending motion.

And, now, before I conclude, let me say this. On the question of educational theory, I do not dogmatise. On the question of the reaction of the provinces, I do not presume to prophesy. All I can tell the House is this—that we shall when circulating this Bill for the purpose of eliciting opinions thereon—or rather when we have the authority of this House for circulating the Bill,—simultaneously we shall tell the Provincial Governments that the opportunity should be taken to consult not merely educational institutions generally but in particular denominational institutions—I am talking of Muslim institutions—because they may wish to put forward their own point of view. I hope, Sir, that as a result of the alternative which I am now commending to the House and the consideration of the opinions that will be received, we shall evolve a solution which will be satisfactory to all concerned. My Honourable friend has had a career of long and honourable association with the Aligarh University and I think the House as a whole would share the opinion that that long career may be enriched by further achievement on behalf of that University. But equally, I submit, that if you want that achievement to be for the benefit of the University, then make haste but make haste slowly,

**Mr. President** (The Honourable Sir Abdur Rahim): Amendment moved:

"That the Bill be circulated for the purpose of eliciting opinion thereon by 31st July, 1940."

The discussion will now go on both on the original motion and the amendment.

**Mr. M. S. Aney** (Berar. Non-Muhammadian). The Honourable the Mover of this motion himself has accepted the amendment which has been moved by my Honourable friend, Sir G. S. Bajpai. We were treated by the Honourable the Mover of this motion to a very learned discourse on the origin of universities in the West and their gradual development through various vicissitudes and the ideals of education through which the Universities in India have gone. He also gave us a history of the Aligarh University from its inception to the present day and he has certainly brought out for the consideration of this House two very prominent points. One point is this. According to him the handicap which exists as regards affiliation of schools outside the Aligarh district is due to a misapprehension of the law or, if the law does permit it, misapprehension of the ideals and objects which the founders of the Aligarh University had in mind. He also accused the Government of breach of faith in this sense that they were given to understand that the power which he is claiming now was already there but, on account of certain rigid interpretation of that section, it was later on ruled that the power was taken away. That is one of the grounds on which he has claimed that thing. That thing to my mind is a ground of very small importance. The really important question which the House will have to consider, after receiving the opinions of those who are qualified and competent to give opinions on matters of this kind, will be whether we are to keep the Aligarh University or for the matter of that the Benares University within the conception of a strictly residential university or not. The point that has been raised is of very great importance, a question on which, like my friend, Sir G. S. Bajpai, it would be premature for me to pronounce any definite opinion today. But it would be also premature for me to commit myself to any view propounded by my Honourable friend, Dr. Ziauddin. We have not been given any idea by the Honourable the Mover of this Resolution as to what is the handicap which he is feeling in not having that particular privilege of affiliating schools outside the university and how the conception of a residential university which was mainly placed before the public by those who framed the Aligarh University Act is incapable of fulfilling that ideal because of the handicap which according to him is there; or is he again quite satisfied that those ideals can be faithfully worked up to even by allowing the promiscuous affiliation of schools outside the territorial jurisdiction of the Aligarh University? These are the points which arise. Sir, there are only two universities in this country at present where the idea of a strict residential university is being statutorily enforced and worked up to, and when, after the experience, say from 1917 to this day, it is found necessary that a residential university requires the affiliation of schools outside its territorial jurisdiction which is fixed there, we think that there is something which according to them is wanting and that the experiment of a residential university probably is not coming up to the expectation which they may have had in their mind. We shall require to be satisfied with much more detail in these matters before we can come to

any conclusion. Therefore, I believe that for the present the circulation motion which has been moved by my Honourable friend, Sir Girja Shankar Bajpai, is the proper one and it was very wise and good of my Honourable friend, Dr. Sir Ziauddin Ahmad, to have accepted that. We shall then have important, reliable material to go upon before coming to a conclusion later on. With these words I support the motion moved by Sir G. S. Bajpai.

**Mr. N. M. Joshi:** Mr. President, my Honourable friend, Mr. Aney, has stated that what the Bill of my Honourable friend, Dr. Sir Ziauddin Ahmad, seeks to do is to extend the power of affiliation of the university and to turn the university from a residential to an affiliated one. Before we agree to the principle of extending the influence of a communal university, the House should consider very carefully whether these communal universities of Aligarh and Benares have done any good to the Indian community and to the country, and if they have not done any good, then the House must come to the conclusion that there should be no extension of their scope in any way. Sir, I hold that these communal universities are an evil.

**An Honourable Member:** What about communal schools?

**Mr. N. M. Joshi:** They do not do any good. We want the Indian people to be moulded into one, we want the country and the nation to be one body and not divided into Hindus and Muslims. If that is so, if that is our ideal, we are doing a wrong thing in separating and segregating the Hindu and the Muslim young men for their educational purposes. We are already separated by our customs and by various other things and by asking young men to go to communal universities we are adding to the already existing difficulties which separate and segregate these two communities.

**Bhai Parma Nand** (West Punjab: Non-Muhammadan): You are too late now.

**Mr. N. M. Joshi:** But I am not too late to prevent the evil growing. I may not succeed in disestablishing the Aligarh and the Benares universities but I may certainly succeed if, after consideration, we find that we have made a mistake in establishing the Aligarh and the Benares universities . . . .

**Dr. Sir Ziauddin Ahmad:** Then move a Resolution that all institutions should be State institutions.

**Mr. N. M. Joshi:** I am sure my Honourable friend, Sir Ziauddin Ahmad, knows that it is not very difficult to move Resolutions but, unfortunately, I am not very lucky in the ballot. I have already got a Resolution about seamen. There is nothing communal which can be given to Muslim young men and Hindu young men in communal universities. If a university is intended to teach mathematics, chemistry or astronomy, there is no Muslim mathematics and there is no Hindu mathematics. I think the subjects which are taught in the universities are not such that there is anything special to be taught by a Muslim university or by a Hindu

[Mr. N. M. Joshi.]

university. These universities have not taught anything different. What they have done is to teach these young men that they are Muslims, different from Hindus, that there is nothing common between the two, and they have taught the Hindus similarly that the Muslims are not their brethren, they are not their countrymen but that they are different races. I think that is the only thing which is taught by these communal universities. I think that if there is any communal bitterness in this country, it is the existence of these two universities which to some extent are responsible. ("Question, question") I do not say, Mr. President, that these universities are the only bodies which create bitterness. There are various other circumstances which create bitterness between Hindus and Muslims. If we do not want any bitterness, if we want Hindus and Muslims to live in this country as brethren and as one nation, as one people, then let us try to eliminate all these circumstances which divide them, which separate them, which segregate them . . .

**Mr. Muhammad Azhar Ali** (Lucknow and Fyzabad Divisions, Muhammadan Rural): I rise to a point of order. The speech which my friend is now making on the floor of the House has nothing to do with this Bill.

**Mr. President** (The Honourable Sir Abdur Rahim): His argument is that the Bill seeks to extend the scope of this University and he is opposed to that because he thinks that these universities are communal.

**Mr. Muhammad Azhar Ali**: But, Sir . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): Order, order.

**Mr. N. M. Joshi**: Well, Sir, if there are people who hold different views, they are entitled to speak and I feel that if these universities have done any good, they should at least teach a little toleration to the people who stand for these universities. I am afraid if the interest which my Honourable friend takes in the Aligarh University does not enable him to listen to a speech which examines the function and the idea underlying the establishment of the Aligarh University, I think he has not taken proper interest in that university. I feel, Mr. President, that it is wrong to extend the sphere of these universities because, in my view, these universities have done an evil; they have segregated and separated the Hindu and the Muslim youths and I hold that to some extent at least, it may be to a very small extent, the bitterness which exists between Hindus and Muslims is due to this act of separation which we have done and which the Legislature has done. I think, Sir,—although we cannot disestablish these universities—we should not at any rate extend the sphere of jurisdiction of these two universities.

**Maulvi Muhammad Abdul Ghani** (Tirhut Division, Muhammadan): Sir, it is very strange that a friend of mine, the Honourable Mr. Joshi, has said that the Aligarh University and the Benares University are communal universities. By putting the name of Muslim and Hindu, the institutions cannot become communal. What they are doing is required to be seen. He has just said, what has the Aligarh University done to justify its extension? Let me point out to him that the Aligarh University



has set an example in the teaching of geography. There is not a single university in the whole of India which has developed the teaching of geography in that way. The Benares University has specialised in the teaching of electrical engineering. My friend may be ignorant of these facts. The fact is that the Muslims are being taught at Benares and the Hindus are being taught at Aligarh. The Punjab Sikhs are to be found in large numbers in the Aligarh University in its Law college. They are being benefited by the better method of law teaching at Aligarh. By simply naming a University a Muslim University or a Hindu University, they should not be called communal. For the matter of that, Mr. Joshi's name should not be pronounced as Mr. Joshi and mine as Mr. Abdul Ghani. Why should we not call the Muslim nation as the Muslim nation and the Hindu nation as the Hindu nation? Since I came here, I had in my mind that the Aligarh University Act should be amended and the sooner it is done the better, because everywhere the need of affiliation is felt and, as you know, Sir, the Muslim nation is a poor nation. It cannot afford to have their institutions affiliated easily everywhere. In India, the system of giving education to the Anglo-Indians and Europeans is a different one. They have been given every facility and why should those facilities be denied to the Muslim nation? I hope the Government will ask the various bodies and the individuals to give their opinions on the affiliation of colleges as well because there has been tabled an amendment to that effect. We want the affiliation of colleges as well as schools outside the Aligarh district. With these words I support the motion for reference of the Bill to the Select Committee.

**Lieut.-Colonel Sir Henry Gidney:** Sir, my remarks on this motion will be very brief. First of all, I must frankly admit that I am a communalist for certain purposes connected exclusively with my community, and that I am a nationalist for purposes of national India. That I consider to be the only position I can occupy in this House and I am not ashamed to admit it. The motion before the House is one which, I think, demands the sympathy of every right-minded person. If Government has allowed this disparity to exist between the two Universities, whether it goes by the name of communal or by any other name, I do not see any reason why it should not be rectified. If there is this disparity and Dr. Sir Ziauddin Ahmad has proved it and if, on the other hand, the Education Secretary says that these two universities are now on a parity, then I do not see where the conflict comes in. If this Bill is to be circulated for the individual improvement of the Aligarh University, there is no doubt that later on another motion will be brought before this House for the same demand on behalf of the Benares Hindu University. When that comes, the House will again be subjected to another discussion on it.

Emphasis has been laid in this House on the communal aspect of the question by my friend, Mr. Joshi. After all, we all know that the larger communities in India may be roughly divided into three, the Hindus, the Muslims and the Christians, and none in this House will deny that each community has its educational foundation based on its religious precepts and you cannot get away from that fact. That is a fact which even Mr. Joshi with his ultra cosmopolitan ideas will have to admit. To talk today about all schools as belonging to one group or national, is a thing that will never happen, at least not in our life time. At the same time, I do think that if the Aligarh University has been prejudiced in this way,

[Lieut.-Col. Sir Henry Gidney]

it is up to the Government of India to square matters. Might I add if the Aligarh University is given an annuity of three lakhs and the Benares University a similar amount, I feel I can also claim an annuity of three lakhs for an Agricultural College at the Anglo-Indian colony at McCluskiegunj. The Education Department has been nicknamed a 'hotch-potch department'. There seems to be a hotch-potch here between the two Universities which I am sure the Honourable Member representing the Government will certainly rectify. I would, therefore, appeal to him to give this matter his very sympathetic consideration. I know he will.

**Mr. President** (The Honourable Sir Abdur Rahim). That does not arise on this motion. The Honourable Member can seek some other occasion to make an appeal.

**Lieut.-Colonel Sir Henry Gidney**: I did not quite follow you, Sir.

**Mr. President** (The Honourable Sir Abdur Rahim): Any appeal for establishing an Agricultural College for any community or communities does not arise on this motion.

**Lieut.-Colonel Sir Henry Gidney**: Thank you very much, Sir, but I think you have misunderstood me. I did not ask the Honourable Member's sympathy regarding an agricultural grant for McCluskiegunj. I merely hinted at it. I was enlisting his sympathy regarding the circulation of this Bill. I do not think you understood me. I did not mean that at all and if you think so let me correct myself. What I want to say is that I do hope the Education Member will deal sympathetically with this matter which has been so ably presented before this House by Dr. Sir Ziauddin Ahmad.

**Mr. Muhammad Azhar Ali**: Sir, I do not find there is much difference between what Dr. Sir Ziauddin Ahmad has said on the floor of the House and Sir Girja Shankar Bajpai. He has accepted his motion about the circulation. But the difficulty arises when we consider minutely the regulations of the Aligarh and the Benares Universities. In the case of the Benares University, the Government cannot stop such affiliations and examinations by executive action . . . . .

**Sir Girja Shankar Bajpai**: If I may correct my Honourable friend, no executive authority of Government could override the legally valid power in the University of Benares. What we have done really is to bring our practice into conformity with the valid law, which is that Benares may not recognise a school outside Benares.

**Mr. Muhammad Azhar Ali**: Today my friend holds that opinion. It is quite possible that if there is another Secretary of the Department, he may not stop. So, that is the difference between the regulations of the Benares University and those of the Aligarh University. In the case of Aligarh University, there is no regulation at all, whereas in the case of the Benares University the Government can stop by executive action. In the case of the Aligarh University, they cannot affiliate any school at all.

They cannot get fees from other schools. But in the case of the Benares University, the Government has to stop always. Why should there be this anomaly?

With regard to what my friend, Mr. Joshi, has said, my submission is that it is too late in the day to discuss the establishment of the denominational University. Sir, in England I am told there are eight such examining authorities. There is no confusion there and the examining authorities in England arrange the examinations very easily. So why should all these restrictions be imposed in India? However, as the motion for circulation has been accepted by my Honourable friend, Dr. Sir Ziauddin Ahmad, we shall wait and see till the opinions are received and this Bill comes again before the House.

**Mr. President** (The Honourable Sir Abdur Rahim) The question is

“That the Bill be circulated for the purpose of eliciting opinion thereon by 31st July, 1940.”

The motion was adopted.

The Assembly then adjourned till Eleven of the Clock on Thursday, the 15th February, 1940



# LEGISLATIVE ASSEMBLY.

*Thursday, 15th February, 1940.*

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. President (The Honourable Sir Abdur Rahim) in the Chair.

## STARRED QUESTIONS AND ANSWERS.

### (a) ORAL ANSWERS.

#### PERSONS KIDNAPPED AND KILLED FROM BRITISH TERRITORY BY TRIBAL GANGS.

**84. \*Sardar Sant Singh:** (a) Will the Secretary for External Affairs be pleased to lay on the table of the House a statement containing the following information:

- (i) names of persons kidnapped from British territory by tribal gangs since 1st April, 1939;
- (ii) names of persons killed;
- (iii) the community to which they belonged;
- (iv) ransom demanded in each case;
- (v) ransom paid,
- (vi) whether any of them was a public servant; if so, his position and whether on official duty at the time of his abduction;
- (vii) steps taken by Government in each case; and
- (viii) whether any compensation was paid by Government to those who were forced to secure release by payment of ransom?

(b) Will Government be pleased to state their policy with regard to prevention of these raids?

**Mr. O. K. Garoe:** (a). (i), (ii), (iii), (vi) and (vii). Two statements are laid on the table giving all the details available with Government for the period from the 1st April, 1939, to 31st January, 1940.

(iv), (v) and (viii). Information is being collected and will be laid on the table in due course.

(b) Government's policy is naturally to prevent these raids and punish the offenders by all possible means at their disposal, and further special measures to deal with the trouble are now being taken. An unfortunate feature of the situation is that the raiders are almost invariably assisted by residents in the settled districts, and it is very difficult to deal with these accomplices under the ordinary law. As the Honourable Member is no doubt aware, the Deputy Commissioner, Bannu, has recently been given special powers under the Frontier Crimes Regulation which it is hoped may remedy this defect to some extent.

*List of persons kidnapped from British Territory by tribal gangs since 1st April, 1939.*

Serial No.	Names.	Community to which they belonged	Whether any of them was a public servant, if so, his position, and whether on official duty at the time of his abduction	Steps taken by Government in each case	Remarks
1	2	3	4	5	6
1	L. Chhabil Lal	Hindu	Sub-Inspector of police. Was not on official duty	Political pressure was brought to bear on the tribes concerned	
2	Major A. N. Duggal	Do	Major, I. M. S. Was on official duty	Do	
3	Nasrullah	Muslim	Foot constable of police Was on official duty	Do	
4	Muhammad Khan	Do	Foot constable of Bannu police Was on official duty	Do	
5	Shah Din	Do	L/N Frontier Constabulary Was on official duty	Do	
6	Ali Bagh	Do	Do	Do	
7	Sher Jan	Do	Sepoy, Frontier Constabulary Was on official duty	Do	
8	Shinak	Do	Do	Do	
9	Sahib	Do	Do	Do	
10	Nura Jan	Do	Do	Do	
11	Sher Gul	Do	Do	Do	
12	Sahib Jan	Do	Do	Do	
13	Shakim	Do	Do	Do	
14	Muhammad Salim	Do	Customs Officer, Thall Was on official duty	Do	
15	Fateh Jang	Do	Foot constables of police Was on official duty	Do	
16	Abdul Khalik	Do	Sub-Inspector, Telephone Department Was not on official duty	Do	
17	Muhammad Akbar	Do	They were not public servants	Do	
18	Khan Shirlin	Do	Do	Do	
19	Haq Niwaz	Do	Do	Do	
20	Muhammad Jan	Do	Do	Do	
21	Ghulam Hussain	Do	Do	Do	
22	Allah Wasaya	Do	Do	Do	
23	Imam Bakhsh	Do	Do	Do	
24	Ahmad	Do	Do	Do	
25	Saro	Do	Do	Do	
26	Namdar	Do	Do	Do	
27	Rab Niwaz	Do	Do	Do	
28	Shahbaz	Do	Do	Do	
29	Allah Dad	Do	Do	Do	
30	Bahara	Do	Do	Do	
31	Wasiro	Do	Do	Do	
32	Gul Khan	Do	Do	Do	
33	Sundad	Do	Do	Do	
34	Shahbaz	Do	Do	Do	
35	Rahim Dad	Do	Do	Do	
36	Muhammad Qasim	Do	Do	Do	
37	Mst. Shahzadi	Do	Do	Do	
38	Mst. Rahima	Do	Do	Do	
39	Sakhab-ud-Din	Do	Do	Do	
40	Rahmatullah	Do	Do	Do	
41	Abdul Majid	Do	Do	Do	
42	Mukhta Din	Do	Do	Do	
43	Akram Khan	Do	Do	Do	
44	Badshah Khan	Do	Do	Do	
45	Mshal Gul Khan	Do	Do	Do	
46	Khan	Do	Do	Do	
47	Datshah Gul	Do	Do	Do	
48	Mst. Khadima	Do	Do	Do	
49	Guldar Shah	Do	Do	Do	
50	Qasim	Do	Do	Do	
51	Ibrahim	Do	Do	Do	
52	Said Akbar	Do	Do	Do	
53	Akbar Khan	Do	Do	Do	
54	Noor Khan	Do	Do	Do	
55	Ayaz Khan	Do	Do	Do	
56	Gul Matin	Do	Do	Do	
57	Sher Gul	Do	Do	Do	
58	Gul Khan	Do	Do	Do	
59	Tola Ram	Hindu	Do	Do	
60	Jew Ram	Do	Do	Do	
61	Walu Ram	Do	Do	Do	
62	Gera Ram	Do	Do	Do	
63	Mool Chand	Do	Do	Do	
64	Sohan Lal	Do	Do	Do	

Serial No	Names.	Community to which they belonged.	Whether any of them was a public servant, if so, his position, and whether on official duty at the time of his abduction.	Steps taken by Government in each case	Remarks
1	2	3	4	5	6
65	Karam Chand	Hindu	They were not public servants	Political pressure was brought to bear on the tribes concerned.	
66	Hem Raj	Do	Ditto	Do	
67	Chhman Lal	Do	Ditto	Do	
68	Ganshan Dass	Do	Ditto	Do	
69	Jangl Ram	Do	Ditto	Do	
70	Mst. Shela Bai	Do	Ditto	Do	
71	Mst. Tilkan Bai	Do	Ditto	Do	
72	Godha Ram	Do	Ditto	Do	
73	Mst. Niki Bai	Do	Ditto	Do	
74	Ganesh Dass	Do	Ditto	Do	
75	Mst. Diyal Bai	Do	Ditto	Do	
76	Mst. Bona Bai	Do	Ditto	Do	
77	Mst. Chhman Bai	Do	Ditto	Do	
78	Utam Chand	Do	Ditto	Do	
79	Mst. Vishni Bai	Do	Ditto	Do	
80	Topan Ram	Do	Ditto	Do	
81	Shiva Ram	Do	Ditto	Do	
82	Sham Dass	Do	Ditto	Do	
83	Tej Bhan	Do	Ditto	Do	
84	Rup Chand	Do	Ditto	Do	
85	Gulab (Sweeper)	Do	Ditto	Do	
86	Tara	Do	Ditto	Do	
87	Udho Dass	Do	Ditto	Do	
88	Budh Raj	Do	Ditto	Do	
89	Ganesh Dass	Do	Ditto	Do	
90	Palra Ram	Do	Ditto	Do	
91	Dev Dass's mother.	Do	Ditto	Do	
92	Bell Ram	Do	Ditto	Do	
93	Kanhiya Lal	Do	Ditto	Do	
94	Daulat Ram	Do	Ditto	Do	
95	Sadhu Ram	Do	Ditto	Do	
96	Wishan Dass	Do	Ditto	Do	
97	Ram Chand	Do	Ditto	Do	
98	Bhoja Ram	Do	Ditto	Do	
99	Shiv Lal	Do	Ditto	Do	
100	Nanak Chand	Do	Ditto	Do	
101	Lakhmi Chand	Do	Ditto	Do	
102	Thana Ram	Do	Ditto	Do	
103	Bihari Lal	Do	Ditto	Do	
104	Phokar Dass	Do	Ditto	Do	
105	Gopal Dass	Do	Ditto	Do	
106	Rochi Ram	Do	Ditto	Do	
107	Naunil Ram	Do	Ditto	Do	
108	Mst. Asi Bai	Do	Ditto	Do	
109	Mst. Amri Bai	Do	Ditto	Do	
110	Mst. Rami Bai	Do	Ditto	Do	
111	Mst. Miran Bai	Do	Ditto	Do	
112	Mst. Lakhmi Bai	Do	Ditto	Do	
113	Mst. Mansi Bai	Do	Ditto	Do	
114	Mst. Bhagan Bai	Do	Ditto	Do	
115	Chhman Lal	Do	Ditto	Do	
116	Chauta Ram	Do	Ditto	Do	
117	Mst. Gulabi	Do	Ditto	Do	
118	Mst. Kiran Bai	Do	Ditto	Do	
119	Mehar Chand	Do	Ditto	Do	
120	Lakhmi Chand	Do	Ditto	Do	
121	Mst. Keshri Bai	Do	Ditto	Do	
122	Mst. Chakti Bai	Do	Ditto	Do	
123	Mst. Himi Bai	Do	Ditto	Do	
124	Sahib Ram	Do	Ditto	Do	
125	Chhman Lal	Do	Ditto	Do	
126	Khem Chand	Do	Ditto	Do	
127	Lachman Dass	Do	Ditto	Do	
128	Radha Krishan	Do	Ditto	Do	
129	Ram Chand	Do	Ditto	Do	
130	Wasu Ram	Do	Ditto	Do	
131	Ganesh Ram	Do	Ditto	Do	
132	Murli Ram	Do	Ditto	Do	
133	Bhola Ram	Do	Ditto	Do	
134	Nam Chand	Do	Ditto	Do	
135	Lal Chand	Do	Ditto	Do	
136	Nand Lal	Do	Ditto	Do	
137	Lal Chand	Do	Ditto	Do	
138	Hari Chand	Do	Ditto	Do	
139	Mst. Manghai Bai	Do	Ditto	Do	
140	Nota Ram	Do	Ditto	Do	

Serial No.	Names.	Community to which they belonged.	Whether any of them was a public servant, if so, his position, and whether on official duty at the time of his abduction.	Steps taken by Government in each case.	Remarks
1	2	3	4	5	6
141	Khan Chand . . .	Hindu . .	They were not public servants.	Political pressure was brought to bear on the tribes concerned.	
142	Sahib Chand . . .	Do. . .	Ditto . . . .	Do.	
143	Daulat Ram . . .	Do. . .	Ditto . . . .	Do.	
144	Bal Chand . . .	Do. . .	Ditto . . . .	Do.	
145	Mst. Kumari Bai . .	Do. . .	Ditto . . . .	Do.	
146	Mst. Sundri Bai . .	Do. . .	Ditto . . . .	Do.	
147	Rup Chand . . .	Do. . .	Ditto . . . .	Do.	
148	Rup Chand's wife . .	Do. . .	Ditto . . . .	Do.	
149	Rup Chand's son . .	Do. . .	Ditto . . . .	Do.	
150	Rup Chand's daughter . . .	Do. . .	Ditto . . . .	Do.	
151	Mst. Bhagwani . . .	Do. . .	Ditto . . . .	Do.	
152	Bishan Dass . . .	Do. . .	Ditto . . . .	Do.	
153	Tikan Lal . . .	Do. . .	Ditto . . . .	Do.	
154	Jodha Ram . . .	Do. . .	Ditto . . . .	Do.	
155	Mst. Bhagsudbi . .	Do. . .	Ditto . . . .	Do.	
156	Bhola Ram . . .	Do. . .	Ditto . . . .	Do.	
157	Kewal Ram . . .	Do. . .	Ditto . . . .	Do.	
158	Dewa Ram . . .	Do. . .	Ditto . . . .	Do.	
159	Hari Singh . . .	Sikh . .	Ditto . . . .	Do.	
160	Bahadur Singh . .	Do. . .	Ditto . . . .	Do.	
161	Indir Singh . . .	Do. . .	Ditto . . . .	Do.	

## II

*List of persons killed by tribal gangs in the North-West Frontier Province since 1st April, 1939.*

Serial No.	Names.	Community to which they belonged.
1	Duni Chand . . . . .	Hindu.
2	Naina Ram . . . . .	Do.
3	Dass Ram . . . . .	Do.
4	Jiwan Dass I. . . . .	Do.
5	Jiwan Dass II. . . . .	Do.
6	Radha Kishan . . . . .	Do.
7	Ishar Dass . . . . .	Do.
8	Saidu Ram . . . . .	Do.
9	Bosa Ram . . . . .	Do.
10	Khan Chand . . . . .	Do.
11	Mst. Himat Bai . . . . .	Do.
12	Mst. Kesari Bai . . . . .	Do.
13	Vithal Dass . . . . .	Do.
14	Jaman Dass . . . . .	Do.
15	Mst. Bagwanti's child . . . . .	Do.
16	Hukam Chand . . . . .	Do.
17	Khan Chand . . . . .	Do.
18	Bhagwan Dass . . . . .	Do.
19	Sohan Singh . . . . .	Sikh.
20	Jagat Singh . . . . .	Do.
21	Gurdhan Singh . . . . .	Do.
22	Sahib Singh . . . . .	Do.
23	Mian Khan . . . . .	Muslim
24	Sher Ali . . . . .	Do.
25	Lutfullah . . . . .	Do.
26	Muhammad . . . . .	Do.
27	Sardar . . . . .	Do.
28	Mst. Mir Sardara . . . . .	Do.
29	Sakhi Jan . . . . .	Do.



Serial No.	Names.	Community to which they belonged.
30	Muhammad Qasim . . . . .	Muslim.
31	Ghazi Muhammad. . . . .	Do.
32	Badshah Khan . . . . .	Do.
33	Kala Khan . . . . .	Do.
34	Ghaffar Shah . . . . .	Do.
35	Lal Din . . . . .	Do.
36	Rab Niwaz . . . . .	Do.
37	Juma Khan . . . . .	Do.
38	Azim's wife . . . . .	Do.
39	Ghulam Qasim . . . . .	Do.
40	Abdur Rahman . . . . .	Do.
41	Mir Bashar . . . . .	Do.
42	Majid Khan . . . . .	Do.
43	Mir Qalam . . . . .	Do.
44	Namadar . . . . .	Do.
45	Khan Mir . . . . .	Do.
46	Ghulam Muhammad . . . . .	Do.
47	Malko . . . . .	Do.
48	Noor Din . . . . .	Do.

**Sardar Sant Singh:** Since when has the treatment of the residents of the settled districts become lax so as to make them help the tribal people to come and make these raids?

**Mr. O. K. Caroe:** I should say in the course of the last two or three years, partly owing to the disuse of the powers under the Frontier Crimes Regulation.

#### ALLEGED UNDER-REPRESENTATION OF MUSLIMS IN SERVICES ON THE NORTH WESTERN RAILWAY.

†85. **\*Seth Haji Sir Abdoola Haroon:** Will the Honourable Member for Railways be pleased to state:

(a) whether his attention has been drawn to an article, which appeared in the *Eastern Times* of Lahore, dated the 17th November, 1939, under the heading "North Western Railway Services and Muslims II—Gross Under-Representation in Responsible Posts";

(b) if the answer to part (a) above be in the affirmative,

(i) whether allegations made in the said article regarding injustice to Muslims, so far as the question of their appointments and promotions are concerned, are true;

(ii) how many appointments were made from the lower gazetted services to the superior posts during the last three years, and how many of them were allotted to Muslims;

† Answer to this question laid on the table, the questioner being absent.

- (iii) whether the table of figures shown in the aforesaid article regarding representation of Muslims in the ranks of gazetted officers and senior subordinates is correct;
- (iv) if the reply to (b) (iii) above be in the negative, whether the Honourable Member proposes to lay on the table a statement showing the accurate figures of the posts filled up; and
- (v) what steps the authorities concerned have taken from time to time to carry out the instructions contained in the Government of India, Home Department Resolution, dated the 4th July, 1934, regarding the representation of Muslims and other minority communities in the subordinate railway services?

**The Honourable Sir Andrew Clow:** (a) Yes

(b) (i) I have made no specific inquiries into instances of alleged injustice; it is open to any official who considers that he has received inequitable treatment to make a representation to the proper authority. I would add, however, that an Officer has been appointed on Special Duty to look into certain matters affecting communal representation.

(ii) I would refer the Honourable Member to the reply to parts (a) and (b) of starred question No. 1651 asked by Mr. H. M. Abdullah on the 12th April, 1939. Since April, 1939, eight subordinates have been permanently promoted to the Lower Gazetted Service, of whom three are Europeans or Anglo-Indians, four Hindus and one Muslim.

(iii) Yes, except the total number of senior subordinates and the number of Muslim senior subordinates on 1st April, 1928, was 1,349 and 162 respectively.

(iv) Does not arise

(v) I would refer the Honourable Member to the Government of India, Railway Department (Railway Board), letters No. E-34-C M-113, dated 12th December, 1934, and E-35-C M-120, dated 9th August, 1935, copies of which are in the Library of the House. I would also refer the Honourable Member to the printed returns published by the Home Department of the Government of India in accordance with paragraph 5 of the Home Department Resolution No. F-14/17-B/33, dated 4th July, 1934, copies of which are also in the Library of the House.

#### MUSLIMS AND NON-MUSLIMS IN CERTAIN POSTS ON THE NORTH WESTERN RAILWAY.

†86. \***Seth Haji Sir Abdoolg Haroon:** Will the Honourable Member for Railways be pleased to lay on the table a detailed statement showing separate figures for Muslims and non-Muslims working at present in the following posts on the North Western Railway:

- (i) Personnel Officers,
- (ii) Office Superintendents,
- (iii) Assistant Superintendents,

- (iv) Assistant Staff Wardens,
- (v) Head Clerks, and
- (vi) Station-Masters?

**The Honourable Sir Andrew Clow:** I lay on the table of the House a statement giving the information required in respect of all categories except Head Clerks. Information with regard to this category will be laid on the table of the House in due course.

*Statement showing figures for Muslims and Non-Muslims working at present in certain Posts on the North Western Railway.*

Category.	Muslim.	Non-Muslim.
Personnel Officers . . . . .	4	16
Office Superintendents . . . . .	1	16
Assistant Superintendents . . . . .	1	5
Assistant Staff Wardens . . . . .	7	8
Station Masters . . . . .	141	892

#### ALLEGED UNDER-REPRESENTATION OF MUSLIMS IN SERVICES ON THE NORTH WESTERN RAILWAY.

†87. **\*Seth Haji Sir Abdoola Haroon:** Will the Honourable Member for Railways be pleased to state whether he is prepared to make inquiries from Railway Administrations as to the reasons for discrimination made by them during the last three years in filling various posts as alleged in an article published in the *Eastern Times*, dated the 17th November, 1930, under the heading "North Western Railway Services and Muslims II—Gross Under-Representation in Responsible Posts"?

**The Honourable Sir Andrew Clow:** I would refer the Honourable Member to the reply I have just given to part (b) (i) of his question No. 85.

#### ALLEGED UNDER-REPRESENTATION OF MUSLIMS IN SERVICES ON THE NORTH WESTERN RAILWAY.

†88. **\*Seth Haji Sir Abdoola Haroon:** Will the Honourable Member for Railways be pleased to state:

- (a) whether he has received any representation from any of the various organisations for giving adequate representation to Mussalmans in the North Western Railway services in virtue of the Government of India, Home Department Resolution of the 4th July, 1934, and
- (b) if the answer to part (a) be in the affirmative, what steps the authorities concerned have taken for redressing the long standing grievances of Mussalmans and allotting them their rights?

† Answer to this question laid on the table, the questioner being absent.

**The Honourable Sir Andrew Olow:** (a) Yes.

(b) I would refer the Honourable Member to the reply I have just given to parts (b) (i) and b(v) of his question No. 85.

# **ALLEGED UNDER-REPRESENTATION OF MUSLIMS IN SERVICES ON THE NORTH WESTERN RAILWAY.**

†89. **\*Seth Haji Sir Abdoola Haroon:** Will the Honourable Member for Railways be pleased to state whether it is proposed to appoint a committee consisting of both official and non-official members, to go through the various allegations regarding discrimination made by the railway authorities in order to ensure justice and fairplay to Muslims in the matter of railway services?

**The Honourable Sir Andrew Olow:** No. I would, however, refer the Honourable Member to the terms of reference published in the Government of India Press Communique, dated 5th December, 1939, appointing an Officer on Special Duty to review the working of the rules and orders relating to the representation of minority communities in the services of State-managed Railways.

# **REDUCTION OF POSTS IN THE SUPERIOR SERVICES AND INCREASE OF POSTS IN THE LOWER GAZETTED SERVICES ON THE NORTH WESTERN RAILWAY.**

90. **\*Mr. H. M. Abdullah:** (a) Will the Honourable Member for Railways refer to his reply to part (a) of Khan Bahadur Shaikh Fazl-i-Haq Piracha's starred question No. 278, dated the 22nd September, 1939, and state whether the total number of posts in the junior scale of the superior services was reduced and the total number of posts in the lower gazetted services increased?

(b) If so, when?

(c) If not, how was the excess in the Junior Scale of superior services caused which is being counted against the lower gazetted services?

(d) If the answer to part (a) be in the affirmative, will the Honourable Member please state the numbers reduced and increased in each service, respectively?

(e) Is it a fact that the duties to be performed by officers in the junior scale of the superior services are the same as those performed by officers of the lower gazetted services?

(f) Is it a fact that appointment to the junior scale of the superior services is made mostly by direct recruitment and to the lower gazetted services mostly by promotion?

(g) Is it a fact that Muslims have at present greater chances of being appointed to the superior services than to the lower gazetted services?

(h) Is it a fact that persons appointed to the lower gazetted services will have to draw pay in the old scale for a long time to come and is it also a fact that officers recruited to the superior services through the Public Service Commission get pay in the new scale which is lower?

(i) Is it not in the financial interests of Government to have officers in the superior services rather than in the lower gazetted services?

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† Answer to this question laid on the table, the questioner being absent.

(j) Is the Honourable Member aware that the restrictions of direct recruitment in subordinate services mostly to the lowest rungs on Rs. 30 or less, results in the number of men fit for promotion to the lower gazetted services becoming smaller and smaller?

(k) Are Government prepared to consider the question of increasing the number of posts in the superior services by making a reduction in the number of posts in the lower gazetted services, and if not, why not?

**The Honourable Sir Andrew Olow:** (a), (b), (c) and (d). There were reductions in the sanctioned strength of both services in 1931-32, and since then the sanctioned strength of both has increased. On 1st March, 1931, there were 391 junior scale posts and 191 lower gazetted service posts. On 3rd February, 1932, there were 312 junior scale posts and 176 lower gazetted service posts. Today, there are 321 junior scale posts and 205 lower gazetted service posts. All these figures relate to sanctioned posts, not to officers serving. The main cause of the excess of officers in the junior scale has been the keeping of posts in abeyance or their abolition for reasons of economy.

(e) The duties assigned to officers of the lower gazetted service are generally of the same kind as those allotted to junior scale officers.

(f) and (g) Yes.

(h) The old scale of pay for the lower gazetted services is more favourable than the new junior scale in the superior services and, as officers promoted to the former, now and for some time to come, are likely to have been recruited before 1931, they will, on promotion, receive higher pay than officers newly recruited in the junior scale of the superior services.

(i) I am not clear as to the meaning of the question. If the Honourable Member wishes me to draw a comparison between the present costs of officers recruited in the junior scales and officers promoted to the lower gazetted services, I would refer him to the answer I have just given to part (h). If, on the other hand, he is referring to the wider financial interests of Government, the answer involves the assessment of so many considerations that it must largely be a matter of opinion.

(j) I am not clear what restrictions the Honourable Member has in mind. The only change made recently was in the direction of permitting General Managers to recruit up to a certain proportion directly.

(k) The answer to the first part is in the negative. As regards the latter part, memoranda placed before the Central Advisory Council for Railways in July, 1930, and July, 1934, set out the principles on which the re-organisation of the cadres of the superior services on State-managed Railways was carried out and the reasons for the creation of a lower gazetted service. These principles and reasons still hold good.

**Dr. Sir Ziauddin Ahmad:** With regard to clause (j), has not efficiency suffered on account of the stoppage of direct recruitment to the upper subordinate grade?

**The Honourable Sir Andrew Olow:** The lower gazetted service, so far as I am aware, has not been ordinarily open to direct recruitment at any time; and we are still recruiting junior scale officers in the superior services.

**Dr. Sir Ziauddin Ahmad:** May I make my meaning clear? The Government of India have stopped recruitment in the upper subordinate grade and they recruit every person on a salary of Rs. 30. Will this not result in the dearth of men fit for promotion to the officers' grade? Also men of sufficient intelligence are not recruited. Will not these two factors result in loss of efficiency?

**The Honourable Sir Andrew Clow:** I am not aware of that, but in my answer to part (j) of the question I have referred to the authority given to the General Managers fairly recently to recruit a certain proportion directly.

**Dr. Sir Ziauddin Ahmad:** What is the proportion?

**The Honourable Sir Andrew Clow:** I think the maximum is 20 per cent.

#### FILLING UP OF UNRESERVED VACANCIES ON RAILWAYS.

**91. \*Mr. H. M. Abdullah:** (a) Will the Honourable Member for Railways please refer to the Government of India, Home Department Resolution of July, 1934, as amended by supplementary instructions issued from time to time, and state whether it is a fact that unreserved vacancies are open to the members of all communities on merit and they are not to be treated as reserved for Hindus?

(b) If the reply to part (a) above be in the affirmative, will Government please state what is implied by the term "the vacancy to be filled by a candidate belonging to unreserved class" used in the letter of the Divisional Superintendent, Lahore, No. 220E/182, dated the 13th September, 1938?

(c) Is it a fact that the vacancy referred to in the letter of the Divisional Superintendent, Lahore, mentioned in part (b) above was offered to a Hindu candidate, the son of an Assistant Accounts Officer?

**The Honourable Sir Andrew Clow:** (a) Yes.

(b) The vacancy was open to a member of any community on merit.

(c) Yes.

#### APPOINTMENT OF MUSLIMS AS PERSONNEL OFFICERS, ETC., ON THE NORTH WESTERN RAILWAY.

**92. \*Mr. H. M. Abdullah:** (a) Will the Honourable Member for Railways please refer to Railway Board's letter No. 917-EG, dated the 6th August, 1931, and state whether it is a fact that orders were issued in August, 1931, to the Agent (now General Manager), North Western Railway, that in making appointments to the posts of Personnel Officers, Office Superintendents and Head Clerks, the employment of an adequate number of Muslims in such posts should be borne in mind?

(b) If the reply to part (a) above be in the affirmative, will Government please give particulars of the progress made on the North Western Railway in this direction during the last eight years and quote separately the number of Muslims who held these posts prior to 6th August, 1931, comparing it with the existing position? If no progress has been made

since August, 1931, will Government please state what action they propose to take to carry out the orders of the Railway Board issued in 1931? If not, why not?

**The Honourable Sir Andrew Clow:** (a) The letter in question asked that the desire expressed in speeches made by Sir George Rainy and Mr. Hayman for the employment of an adequate number of Muslims as staff or establishment or employment officers and as office superintendents or head clerks should be borne in mind in making appointments to such posts.

(b) I lay on the table of the House a statement showing the number of Muslims employed as Personnel Officers, Office Superintendents and Head Clerks, grade IV and above, on the North Western Railway in March, 1931, and January, 1940. As regards the second part, I am not prepared to assume from the fact that representation has not increased that the desire expressed was not borne in mind. But this is one of the matters which is likely to receive attention during the inquiry now being conducted into the recruitment of members of minority communities, and I am forwarding a copy of this question and answer to the officer in charge of the inquiry.

*Statement showing the number of Muslims employed as Personnel Officers, Office Superintendents and Head Clerks, grade IV and above, on the North Western Railway in March 1931, and January, 1940.*

	March, 1931.	January, 1940.
Personnel Officers . . . . .	5	4
*Office Superintendents . . . . .	3	1
Head Clerks . . . . .	36	35

\*Includes posts of Superintendents of the various branches of the Headquarters office.

#### FILLING UP OF CERTAIN VACANCIES ON THE NORTH WESTERN RAILWAY.

93. **\*Mr. H. M. Abdullah:** Will the Honourable Member for Railways please state:

- (a) the number of vacancies of chargemen and journeymen occurring on Divisions on and after 1st April, 1938, which have been filled by transfer of staff (chargemen and journeymen) from the Mechanical Workshops and the number of Muslims appointed against the resultant vacancies of journeymen in the Workshops; and
- (b) the number of permanent, including Leave Preparatory to Retirement, vacancies, in clerical grade II or its equivalent new scale, which have occurred since July, 1938, on the Mechanical Workshop Division separately by each office, viz., Superintendent, Mechanical Workshops, Loco. Shops, Carriage and Wagon Shops, Sukkur Shops and Kalka Shops

and how these vacancies were filled? The number of vacancies should be inclusive of the figures of shop clerks and timekeepers and verified by the Workshop Accounts Officer?

**The Honourable Sir Andrew Olow:** (a) I presume that this part of the question, like part (b), relates to the North Western Railway. If so, the answer is that eight vacancies on Divisions have been filled by transfer of one permanent chargeman, three permanent journeymen and four temporary journeymen from the Mechanical Workshops. The four permanent posts have not yet been filled. The four temporary posts lapsed.

(b) I lay on the table a statement giving the information required

*Statement showing the number of permanent including leave preparatory to retirement vacancies in clerical grade II or its equivalent new scale, including Shop Clerks and Time Keepers, which have occurred since July, 1938, in the Mechanical Workshops of the North Western Railway.*

Office.	Vacancies.	How filled.
Superintendent, Mechanical Workshops Office.	2	1 by direct recruitment. 1 by promotion.
Loco. Shops, Moghalpura . . .	2	by promotion.
Carriage and Wagon Shops, Moghalpura.	2	1 by direct recruitment. 1 by promotion.
Sukkur Shops . . . . .	3	1 by absorption of a surplus clerk. 2 by promotion.

#### VACANCIES NOT FILLED BY MUSLIMS IN THE SIGNAL SHOP, NORTH WESTERN RAILWAY.

94. **\*Mr. H. M. Abdullah:** (a) Will the Honourable Member for Railways please state whether it is a fact that on the North Western Railway sixty per cent. of the vacancies in each service of the subordinate grades filled either by direct recruitment or by promotion of staff in inferior services are to be given to Muslims by reservation regardless of the duration of vacancies?

(b) Is it a fact that vacancies, including short term leave vacancies, occurring amongst the technical subordinate staff in the Signal Shop, North Western Railway, during the years 1937-38 and 1938-39, were not filled according to the prescribed communal percentages by treating each vacancy in each class as a separate entity as laid down in "Instructions 2" of the Supplementary Instructions connected with the Government of India (Home Department) resolution of July, 1934?



(c) If the reply to parts (a) and (b) be in the affirmative, will Government please state what action they propose to take to rectify the percentage of Muslims and to take action against the staff responsible for not carrying out the instructions of the Government of India?

**The Honourable Sir Andrew Olow:** (a) No. The reservation of 60 per cent. for Muslims on the North Western Railway of all vacancies in subordinate posts to be filled by direct recruitment, including promotion from inferior services, applies to the Railway as a whole.

(b) I am unable to follow the Honourable Member's question as Instruction II of the Supplementary Instructions deals with the application of the orders regarding communal representation to inferior posts. I would, however, point out that the communal percentages laid down for Muslims do not apply to particular shops as such.

(c) Does not arise.

**NON-OBSERVANCE OF THE HOME DEPARTMENT RESOLUTION FOR RECRUITMENT OF MINORITIES IN THE RAWALPINDI DIVISION OF THE NORTH WESTERN RAILWAY.**

†95. **\*Mr. H. M. Abdullah:** (a) Has the attention of the Honourable Member for Railways been drawn to the articles appearing in the issues of the following papers on the dates specified against each about the non-observance of the Home Department Resolution for the recruitment of minorities on the North Western Railway, Rawalpindi Division.

1. *The Eastern Times*, Lahore, dated 2nd June, 1939.
2. *Shahbaz*, *Daily*, Lahore, dated 14th June, 1939.
3. *Inqilab*, *Daily*, Lahore, dated 7th June, 1939.

(b) If so, will the Honourable Member please state what action has been taken by the Divisional Superintendent, Rawalpindi, and General Manager, Lahore?

(c) If the facts stated are correct, do Government propose to ask the General Manager, North Western Railway, Lahore, to take action in accordance with paragraph 10 of supplementary instructions issued by the Government of India, Home Department Resolution No. F. 14/17-13/83-Ests., dated 4th July, 1934?

**The Honourable Sir Andrew Olow:** (a) I have seen the articles referred to.

(b) I am not aware of any action having been taken.

(c) No. The information in the hands of Government indicates that the North Western Railway have complied with the terms of the Home Department Resolution regarding the representation of Muslims and other minority communities in the railway subordinate services, and even if the facts as stated were correct, they would not appear to show the contrary.

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†Answer to this question laid on the table, the questioner having exhausted his quota.

**NON-CONFIRMATION OF CERTAIN ASSISTANT STATION MASTERS AND LOCO. INSPECTORS, ETC., ON THE NORTH WESTERN RAILWAY.**

**96. \*Mr. Lalchand Navalrai:** (a) With reference to part (c) of my starred question No. 544, asked on the 20th February, 1939, to which a reply was laid on the table of the House in September, 1939, will the Honourable Member for Railways be pleased to state whether there are any Loco. Inspectors, Loco. Foremen and Assistant Station Masters, grades IV and V, on the North Western Railway, who are still officiating in these posts?

(b) If the reply to part (a) be in the affirmative, how many of them are officiating in each category and the maximum and the minimum periods of such officiating service?

(c) Is it a fact that employees are confirmed on the North Western Railway after twelve months' officiating service if the vacancy against which they are to be confirmed is a permanent vacancy? If not, what are the rules?

(d) Is it a fact that the employees referred to in paragraph (a) above, are officiating for more than the usual periods? If so, do Government propose to direct their confirmation? If not, why not?

**The Honourable Sir Andrew Clow:** (a) Yes, except in grade V of Assistant Station Masters which no longer exists

(b) I lay on the table of the House a statement giving the information required.

(c) The answer to the first part is in the negative. As regards the latter part, confirmation is considered on expiry of 12 months' probation which may include officiating service, provided this is continuous with the probationary period. Confirmations are made from dates from which staff started working against a permanent vacancy or from a subsequent date considered suitable.

(d) As regards the first part of the question, I understand that this is not the case. As regards the second part, of the 37 men covered by the statement laid on the table only 11 are officiating against permanent vacancies. The question of the confirmation of those who have completed 12 months' probation is being considered.

*Statement.*

Category.	No. of men officiating.	Maximum period of officiating service.	Minimum period of officiating service.
Loco. Inspectors . . .	9	4 years . . .	9½ months.
Loco. Foremen . . .	8	2 years, 5 months .	6½ months.
Assistant Station Masters Grade IV.	20	4 years, 8 months including short interruptions on account of leave.	5 months.

**Mr. Lalchand Navalrai:** Are these persons not confirmed even though permanent posts are available?

**The Honourable Sir Andrew Olow:** I have said at the conclusion of my reply that the question of confirmation of those who are serving against permanent posts and have completed their probationary period is being considered.

#### DISCHARGE OF THE BRIDGE DEPARTMENT STAFF ON THE NORTH WESTERN RAILWAY.

**97. \*Mr. Lalchand Navalrai:** (a) Will the Honourable Member for Railways be pleased to state whether it is a fact that temporary staff is employed in the subordinate, clerical and draftsmen's service in the Bridge Department of the North Western Railway? If so, what is their number in each category?

(b) Is it a fact that these men have put in long terms of service ranging from ten to fourteen years?

(c) Are these men likely to be discharged from service in the financial year 1940-41, owing to stoppage of bridge construction programme due to the present war?

(d) Is it a fact that under the orders of the General Manager, North Western Railway, Lahore, as circulated in circular No 107/P, dated the 1st November, 1939, of the Divisional Superintendent, North Western Railway, Karachi, the practice of discharging and demoting surplus staff has been stopped and that endeavours will be made to absorb all surplus staff on the railway? If so, what endeavours have been made to absorb the Bridge Department staff on the North Western Railway?

(e) Is it a fact that in the case of the Bridge Department staff, the Personnel section of the General Manager's office insist on age, academic and Selection Board qualifications for the staff having long terms of service? Did the administration lay down any such restrictions for construction staff when absorbed in 1933 and after? If not, do Government propose to treat this staff similarly? If not, why not?

**The Honourable Sir Andrew Olow:** (a) Yes: there are 12 clerks, a time-keeper and 16 draughtsmen.

(b) The service of nearly all of these men lies within the limits named

(c) I understand that no decision has yet been reached on this point.

(d) The orders issued by the General Manager restraining the discharge of surplus staff, to which the Honourable Member refers, do not apply to staff engaged for purely temporary purposes or special work who are discharged on the cessation of the work for which they are engaged.

(e) As regards the first part of the question, staff engaged for purely temporary work or special jobs, who are normally discharged on the cessation of the work for which they are employed, are required to fulfil all conditions laid down before being considered for appointment to permanent posts. I would add, however, that the restriction regarding the maximum age limit has not been insisted upon in the case of temporary clerks of the Bridge Department for appointment to permanent posts in that Department. As regards the second part of the question, the answer is in the affirmative. The remainder of the question does not arise.

**Mr. Lalchand Navalrai:** Has the Honourable Member satisfied himself that this circular really does provide that it will not apply to temporary people?

**The Honourable Sir Andrew Clow:** I am not clear what distinction the Honourable Member is referring to.

**Mr. Lalchand Navalrai:** I am referring to the circular No. 107/P referred to in part (d) of my question which the Honourable Member says does not apply to temporary people. If not, I would request the Honourable Member to satisfy himself and then instruct the Agents accordingly.

**The Honourable Sir Andrew Clow:** What I said was that those orders did not apply to staff engaged for purely temporary purposes. The fact that those orders do not apply does not mean necessarily that the reverse must apply to them.

**Mr. Lalchand Navalrai:** The former answer was that this circular came in the way of these people. My request now is that, if there is no other reason, no distinction should be made.

**The Honourable Sir Andrew Clow:** I said in reply to the second last question in part (e) that I understood the answer was in the affirmative. The Honourable Member asked whether Government proposed to treat this staff similarly. On my information the answer is in the affirmative.

#### INCONVENIENCES TO THIRD CLASS PASSENGERS ON THE EAST INDIAN AND NORTH WESTERN RAILWAYS.

**98. \*Mr. Lalchand Navalrai:** (a) Has the attention of the Honourable the Railway Member been drawn to the contribution in the *Roy's Weekly*, dated the 31st December, 1939, under the caption "Pity the poor third class-wallas"?

(b) Is it a fact that the gates on the Howrah Station on the East Indian Railway and several other stations on the other Railways are opened after the arrival of trains or a few minutes before their arrival? Why in spite of such overcrowding an increase in the number of gates is not considered necessary?

(c) Is it a fact that there is generally a squeezing of the crowd of both men and women through the same gates and why separate entrances for women are not provided?

(d) Is there any arrangement on the East Indian Railway and the North Western Railway for deputing the railway staff to stand by the compartments, on the arrival of trains, for offering help to passengers and distributing them evenly in various compartments; if the answer be in the affirmative, at what stations on the above two railways such an arrangement has been made; if not, why not?

(e) Has the Honourable Member considered the feasibility of the formation of queues to facilitate the purchase of tickets? Has such a system been tried on any of the above two railways; if so, with what effect?

(f) Is it a fact, as stated in the contribution mentioned in part (a), a gentleman holding a ticket for Raxoule desired to purchase two more tickets for relatives, who wanted to accompany him, was refused; if so, is the Honourable Member prepared to issue orders to facilitate such a convenience?

(g) Is the Honourable Member aware that there is a general complaint regarding the want of supervision over the purity and the preparation of food-stuffs on the aforesaid two Railway lines and that the present arrangement is not sufficient to improve the situation; if so, what further arrangements are being made for the purpose?

(h) Have the authorities on the aforesaid two railway lines received complaints of unsympathetic treatment by the Railway staff and the use of derisive language by them towards third class passengers during the last year, if so, how were they dealt with?

**The Honourable Sir Andrew Clow:** (a) I have seen this article.

(b) At Howrah station, the three exit gates from each platform are opened before the arrival of trains. At other stations, generally speaking gates are also opened before the arrival of trains. In the interests of safety, there are occasions, however, at stations other than termini, when gates are opened after a train has come to a stand still. Sufficient exit gates are provided to allow reasonably free passage.

(c) It is a fact that separate gates for men and women are not provided. The reasons are that women prefer to remain with their men-folk and confusion would result from an attempt to segregate women passengers from men.

(d) Staff are not specially deputed on either of the two railways to stand by each compartment on the arrival of trains. At large stations, however, ticket collectors and station staff are always present to assist passengers experiencing difficulty in finding accommodation. At smaller stations, this duty devolves on travelling ticket examiners and guards of trains. Endeavours made to distribute passengers evenly are often resented owing to parties desiring to travel together.

(e) Yes. The Railway Board deputed the Central Publicity Officer to organise a publicity campaign, in collaboration with State Railways, to instil the queue habit in the travelling public. Experiments have been carried out on the East Indian Railway who report that results are satisfactory. The North Western Railway are still experimenting and a final report is awaited.

(f) The article referred to in part (a) does not state that tickets were refused. I understand the East Indian Railway have received no complaint in this connection.

(g) No.

(h) Every large Railway Administration is liable to receive complaints, not all of which are justified. Railway Administrations do not tolerate discourtesy to any class of passenger on the part of their staff.

**Mr. Lalchand Navalrai:** With reference to clause (h), have any complaints in regard to unsympathetic treatment of passengers been received and have General Managers taken notice of them and done something in that respect? It cannot be said that no complaints have been made.

**The Honourable Sir Andrew Clow:** To the best of my recollection on the N. W. R. it is reported that no such complaints have been made.

**Mr. Lalchand Navai:** What about the E. I. R.?

**The Honourable Sir Andrew Clow:** I cannot recollect at the moment.

**Mr. Lalchand Navai:** As regards separate gates for women, will the Honourable Member say if it would not be suitable that there should be separate gates for women, while giving them the option to go along with their men-folk? Since there are complaints, why should not separate gates be provided where required?

**The Honourable Sir Andrew Clow:** Because it would mean re-construction of an enormous number of stations and it is not really worth while

**Mr. Lalchand Navai:** Since there have been complaints, why should it not be done?

**The Honourable Sir Andrew Clow:** I have seen the gates at Howrah: any attempt to provide separate entrances would mean that the gates would become extremely narrow and fail to give admission to large number of members of the public

**Mr. Lalchand Navai:** As regards this queue system, why should it not be established everywhere so that disorder may not occur?

**The Honourable Sir Andrew Clow:** My experience at Howrah is not that there is normally a large amount of overcrowding at the gates

**FIXATION OF PAY OF RETRENCHED STAFF RE-APPOINTED IN THE COMPILATION SECTION OF THE CHIEF ACCOUNTS OFFICE, NORTH WESTERN RAILWAY.**

**99. \*Bhai Parma Nand:** (a) Will the Honourable Member for Railways please state whether certain retrenched hands of the Compilation Section of the North Western Railway were offered appointments by the Chief Accounts Officer on old scales of pay?

(b) Is it a fact that they were appointed in the Compilation Section, Chief Accounts Officer's office, North Western Railway, Lahore, on the old scales of pay and were subsequently confirmed in old grade of pay?

(c) Is it a fact that though they were originally given the initial pay of the grade, they, on subsequent representation to the Controller of Railway Accounts, New Delhi, were given the benefit of the previous service in the fixation of pay in old scales of pay?

(d) Is it also a fact that in 1936 on receipt of the Agent's letter No. 220/E./O., dated April, 1936, they were given the new scales of pay? If the reply be in the affirmative is the Honourable Member prepared to reconsider their case?

**The Honourable Sir Andrew Clow:** (a), (b) and (c) Yes.

(d) Yes. I am having the question examined.

**Mr. Lalchand Navalrai:** May I know, Sir, whether it is a fact or not that these people were really given to understand in writing that they would get the old scales, and yet that has not been acted upon?

**The Honourable Sir Andrew Olow:** The Honourable Member appears to be repeating part (a) of the question, to which my answer is "Yes".

#### PURCHASE OF THE BENGAL AND NORTH WESTERN RAILWAY.

**100. \*Khan Bahadur Shaikh Fazl-i-Haq Piracha:** (a) Will the Honourable the Railway Member please state whether Government are contemplating to purchase the Bengal and North Western Railway when their present contract expires?

(b) When do they propose to give notice of the termination of contract?

**The Honourable Sir Andrew Olow:** (a) The contract does not expire by the efflux of time till 1981, but I take it that the Honourable Member wishes to know whether Government propose to exercise the option they have of purchasing at the end of 1942. No decision has been reached on this question.

(b) This question has not yet arisen; if a decision to purchase were taken, notice would have to be given not later than 31st December, 1941.

#### LOSS IN THE WORKING OF THE INDIAN COLLIERIES.

**101. \*Khan Bahadur Shaikh Fazl-i-Haq Piracha:** (a) Will the Honourable the Railway Member please state what was the total loss in the working of the Indian collieries in the year 1938-39?

(b) What is the estimated loss for the year 1939-40?

**The Honourable Sir Andrew Olow:** (a) and (b), I am not clear what the Honourable Member means by "the total loss". The railways raise coal only for the railways and any payments made by one railway are receipts by another, so that there is no net loss. Railways buying coal from railway collieries which they do not own are debited with prices fixed on the basis of accepted tenders for coal of equivalent quality and the differences between that and the estimated cost of raising is shown as a loss or profit as the case may be. The latest available figures of these will be found in the pink book relating to collieries which the Honourable Member will receive tomorrow. In practice it is impossible to estimate accurately the financial gains and losses accruing from the retention of collieries as such an estimate would have to take account of the effect on tendered prices of that retention.

**Dr. Sir Ziauddin Ahmad:** As regards last year, may I know, Sir, what was the total loss incurred by the Railway Department on the Railway collieries?

**The Honourable Sir Andrew Olow:** If the Honourable Member will define what he means by 'total loss', I will endeavour to give him an answer, but there are no figures.

**Dr. Sir Ziauddin Ahmad:** I think you write off the profit against the loss, and the resultant is taken as the total loss?

**The Honourable Sir Andrew Clow:** I have explained that the figures we provide in the pink book are *pro forma* loss or profit and relate only to coals purchased by a Railway from a colliery which it does not own. Where a Railway owns a colliery, there is no figure at all, and so it is impossible to give a correct figure which would show the total loss or gain.

**Dr. Sir Ziauddin Ahmad:** I thought the figures relate only to collieries owned by the Railways.

**The Honourable Sir Andrew Clow:** As I have said the figures relate only to coal raised by Railways from collieries which they do not own, I mean railway collieries. For instance, if the North Western Railway buys coal from the East Indian Railway, then a figure appears in this pink book showing whether the price debited to the North Western Railway exceeded or was short of the hypothetical figure of the cost of coal raisings, but these are the only figures, I understand, that are given.

**Mr. M. S. Aney:** Is it not a fact that figures for the State collieries are published when the coal is used by another Railway, and don't they give separate figures of profits and losses for each colliery owned by the Railways?

**The Honourable Sir Andrew Clow:** The pink book which the Honourable Member will receive tomorrow shows separate figures for each colliery, but it does not attempt to give the figures of losses or profits except in the special cases of collieries of which the Railway is not the owner.

**Mr. M. S. Aney:** So far as the collieries which are owned by the Railways themselves are concerned, I take it that the figures of profits and losses are not available, but as regards certain special collieries owned by the Railways the figures are available, is that the case?

**The Honourable Sir Andrew Clow:** That is the position.

**Mr. M. S. Aney:** Will the Honourable Member please see that some arrangement is made to see that these figures are also made available?

**The Honourable Sir Andrew Clow:** The whole matter is so hypothetical that I am not very clear what we will gain by so doing.

**Mr. M. S. Aney:** We shall know the state of each colliery separately.

**The Honourable Sir Andrew Clow:** The Honourable Member will find all the figures shown separately in the pink book to which I have referred. What he will not find is a hypothetical figure showing the possible gain or loss on the retention of a colliery. He will find a balance sheet for each colliery in that book.



## OPENING OF COLLIERIES BY GOVERNMENT.

**102. \*Khan Bahadur Shaikh Fazl-i-Haq Piracha:** (a) Will the Honourable the Railway Member please state the circumstances which led the Government of India to open their own collieries?

(b) What is the total amount of losses which the Indian tax-payers sustained till 1939-40?

**The Honourable Sir Andrew Clow:** (a) The acquisition of collieries by certain Railway Administrations was sanctioned on account of

(i) Inability of the coal companies always to meet the demands of railways.

(ii) Fluctuation in the price of coal obtained from the coal companies.

(b) I would refer the Honourable Member to the answer given to his preceding question.

**Dr. Sir Ziauddin Ahmad:** With reference to part (a), my Honourable friend has omitted to mention the chief reason that there was a combine of all the collieries in 1921, and so the Government decided to open their own collieries. Is this a fact or not?

**The Honourable Sir Andrew Clow:** I think that reason for certain Railway Administrations acquiring the collieries would be included in the second consideration which I have mentioned, namely the fluctuation in the price of coal obtained from the coal companies.

**Dr. Sir Ziauddin Ahmad:** Fluctuation is different from the fact that all the collieries combined together in 1921, and the Railways had to buy coal from them at a price which the Railways considered highly uneconomical. Is this a fact or not?

**The Honourable Sir Andrew Clow:** The fluctuations which worry us naturally are fluctuations upwards, and I believe at that time there was an attempt made to put up the prices of coal so as not to bring it in the open market, and that was the consideration.

**Dr. Sir Ziauddin Ahmad:** My point is when there was a combine of all these collieries, the Government got over this trouble by having their own collieries, and they left other people to their fate, but the real thing which the Government should have done was to prohibit the system of combines.

**The Honourable Sir Andrew Clow:** The Honourable Member is asking me what combines were formed in the year 1921. I am afraid he should address the question to Members sitting on the non-official benches in the House.

**CERTAIN REMARKS OF THE GENERAL MANAGER OF THE NORTH WESTERN RAILWAY ABOUT QUESTIONS PUT BY MEMBERS OF THE LEGISLATIVE ASSEMBLY.**

**103. \*Dr. Sir Ziauddin Ahmad:** (a) Will the Honourable Member for Railways be pleased to state whether it is a fact that the General Manager of the North Western Railway wrote in an open letter to the Railway

Board which purported to mean that some kind of brake should be put on the Members of the Legislative Assembly to stop them from asking stupid questions?

(b) Is it not a fact that the letter mentioned above was circulated among officers in the Bengal Nagpur Railway Headquarters office?

(c) Has any subordinate of the Government of India got a right to call officially an Assembly question admitted by the President, to be a stupid one?

(d) What action did the Railway Board take against the General Manager of the North Western Railway when they received these remarks? If not, why not?

Sir, in part (b) of this question, there is a mistake. It is not the Bengal Nagpur Railway, but it should be the North Western Railway.

**The Honourable Sir Andrew Clow:** It is rather a big difference. I can only give the answer in relation to the North Western Railway which is a railway that we own and manage. The other railway mentioned is neither owned nor managed by Government. The answer on the basis of the North Western Railway is as follows.

(a) and (b) I have been unable to trace any such letter. If the Honourable Member has any particulars of such a letter and will supply me with them, I shall make inquiries.

(c) and (d) Do not arise.

**Mr. Lalchand Navalrai:** If the Honourable Member really finds after inquiries that the General Manager has used such words, will he take the wind out of his head?

**The Honourable Sir Andrew Clow:** That is purely hypothetical, and the Honourable Member asking the question has already made it clear himself that the General Manager issued no such circular.

**Mr. Lalchand Navalrai:** May I rise to a point of order. When questions are put in this House, they are first approved by the Chair.

**The Honourable Sir Muhammad Zafrullah Khan:** How does that point of order arise?

**Mr. Lalchand Navalrai:** I am explaining it . . .

**Mr. President** (The Honourable Sir Abdur Rahim). The Honourable Member need not make such a long preface.

**Mr. Lalchand Navalrai:** My point is, when these questions are admitted by the Chair, does it lie in the mouth of these officers to tell their headquarter offices to say that these questions are stupid . . . . .

**Mr. President** (The Honourable Sir Abdur Rahim). The Chair understands what the Honourable Member (Sir Andrew Clow) said was that the supplementary question was a hypothetical question, and the Chair does not think he need answer that question.

**The Honourable Sir Muhammad Zafrullah Khan:** They must not be described as stupid, but you cannot stop them from thinking.

**Dr. Sir Ziauddin Ahmad:** Did the Honourable Member make inquiries from the Secretary of the Railway Board whether he did or did not receive such a letter and whether he (the Secretary) made inquiries from the Agent as to whether he circulated such remarks among the officers?

**The Honourable Sir Andrew Clow:** The Honourable Member, as I understood him at the beginning, referred to a different Railway altogether, and I have no reason to suppose that the General Manager of the North Western Railway issued anything of the kind. I have seen nothing about it anywhere, although it is described as "an open letter". I have not the least doubt that if it was an open letter, I would have seen it.

**Mr. Lalchand Navalrai:** The Honourable Member has not seen it with regard to the North Western Railway?

**The Honourable Sir Andrew Clow:** No.

#### INSPECTORS OF WORKS ON THE EAST INDIAN RAILWAY.

**104. \*Dr. Sir Ziauddin Ahmad:** (a) Will the Honourable the Railway Member please state how many Inspectors of Works are there on the East Indian Railway and how many of them are Muslims?

(b) What are the conditions of their appointments?

(c) How is the selection made?

**The Honourable Sir Andrew Clow:** I have called for information and will lay a reply on the table of the House in due course.

#### RULES FOR OUT-STATION INDIAN APPRENTICES OF WORKSHOPS ON THE NORTH WESTERN RAILWAY.

**105. \*Kunwar Hajee Ismail Ali Khan** (on behalf of Mian Ghulam Kadir Muhammad Shahban). (a) With reference to the answer to parts (b), (d) and (f) of starred question No. 176, asked on 14th September, 1939, will the Honourable Member for Railways be pleased to state whether there is anything definite, excepting a presumption to which a reference was made by the Honourable Member in his reply, to establish that the Outstation Workshop Apprentices on the North Western Railway, recruited on 1st April, 1926, accepted the rules issued in September, 1926? If so, what are the rules or orders under which the Apprentices were deprived of their privileges?

(b) Is it a fact that the Apprentices referred to in this question were not at all aware of any revision, modification or abrogation of 1921 rules under which they were recruited; and as such they could not protest, the lack of which is considered as justification for the presumption that they accepted the revised rules?

(c) Is it a fact that before September 1920, the North Western Railway administration paid different rates of stipend to Indian and Anglo-Indian or European Workshop Apprentices? Is it also a fact that in pursuance

of the policy of the Government of India to eliminate traces of racial discrimination on the railways Indian Apprentices were given monthly rates of stipends as were being paid to Anglo-Indians and European Apprentices? If so, under what rules the Indian Apprentices were deprived of other privileges guaranteed to them under paragraph 6 of 1921 rules, of retention in service after their indenture?

(d) If the reply to first portion of part (c) above be in the negative, does the Honourable Member propose to place on the table of the House copies of correspondence in regard to elimination of racial discrimination in the matter of stipends for Outstation Workshop Apprentices employed on the North Western Railway, specially the Railway Board's letter No 3247-E, dated the 10th May, 1926, and the letter of the Agent, North Western Railway, Lahore, No 786-E./O., dated the 15th/17th September, 1926? If not, why not?

(e) In view of the Honourable Member's reply to the first portion of part (f) of starred question No. 176, that the Workshop Apprentices were discharged due to reduction in staff in 1931, is it proposed to treat these men as retrenched hands and, therefore, eligible for old scales of pay, *vide* paragraph No. 3 of the General Manager's letter No. 561-E./67, dated the 17th September, 1934, published in an extraordinary issue of the North Western Railway Gazette, dated the 24th September, 1934? If not, why not?

**The Honourable Sir Andrew Clow:** (a) Yes, the fact that they continued as apprentices and accepted the financial benefit accruing under the revised rules applied to them from 1st September, 1926, for a further 4½ years. As regards the latter part, I am not aware of the privileges to which the Honourable Member refers, but the rules issued on 1st September, 1926, a copy of which was laid on the table of the House on 30th August, 1939, in connection with the answer to part (b) of Mr. Lalchand Navalrai's question No 1451 asked on 31st March, 1939, applied to all apprentices then in service

(b) No.

(c) The answer to the first and second parts is in the affirmative. As regards the last part, rule 6 of the 1921 rules gives no guarantee of retention in service and I would refer the Honourable Member to the reply I have just given to the latter part of part (a) above.

(d) Does not arise

(e) The answer to the first part is in the negative, but I think the Honourable Member has misunderstood my reply to part (f) of question No 176. These apprentices were not employed on the conclusion of their apprenticeship. As regards the latter part, I would refer the Honourable Member to the reply laid on the table of the House on 30th August, 1939, in answer to parts (c) and (f) of Mr. Lalchand Navalrai's question referred to in part (a) above.

**Mr. Lalchand Navalrai:** May I know from the Honourable Member this? There was tenure of guarantee under the old rules and under the new rules there is no such guarantee, and they have not admitted that they will forego the tenure of guarantee. May I know from my Honourable friend if the tenure of guarantee will be given to these people even under the new rules; if not, why not?

**The Honourable Sir Andrew Clow:** In reply to part (c) of the question I said that rule 6 of the 1921 rules gives no guarantee of retention in service.

**Mr. Lalchand Navalrai:** It was in 1926 that the new rules were made. Do I understand that under the former rules also they had no tenure of guarantee?

**The Honourable Sir Andrew Clow:** That is what I have said

**Mr. N. M. Joshi:** May I ask whether the practice of paying differential rates of stipends to Indian, Anglo-Indian and European apprentices still continues?

**The Honourable Sir Andrew Clow:** I submit that that hardly arises on this question

**Mr. N. M. Joshi:** May I ask whether the Honourable Member can give a reply to this even if it does not arise out of this question?

**The Honourable Sir Andrew Clow:** I should not be entitled to answer

#### PROMOTION OF GOODS MARKERS ON THE NORTH WESTERN RAILWAY.

**106. \*Kunwar Hajee Ismail Ali Khan** (on behalf of Mian Ghulam Kadir Muhammad Shahban) (a) With reference to the answer to my starred question No. 22 asked in August 1939, will the Honourable Member for Railways be pleased to state whether it is proposed to enquire from the General Manager, North Western Railway, Lahore, and lay a statement on the table of the House showing the number of markers holding the requisite educational qualifications of Matriculation standard, for promotion to subordinate service?

(b) With reference to the answer to parts (c) and (f) of my starred question No. 22, is it proposed to state the reasons as to why no channel of promotion is normally provided for Markers on the North Western Railway, since members of the staff in the inferior service are eligible for promotion to subordinate services, if they satisfy certain conditions?

(c) With reference to the answer to the latter portion of part (f) of starred question No. 22, how and under what circumstances are Markers considered for formation as Goods Clerks?

(d) Have any instructions been issued in regard to the channel of promotion of Markers as promised in answer to part (j) of my starred question No. 22?

(e) With reference to the statement made by the Railway Board to the All-India Railwaymen's Federation at their meeting in January, 1939, and laid on the table in answer to part (e) of my starred question No. 22, is it a fact that no age restriction for promotion from inferior to subordinate service posts had been laid down?

(f) Do Government propose to bring the rules for promotion of Markers in line with the Railway Board's reply to the Federation eliminating age restriction for Markers already in service? If not, why not?

**The Honourable Sir Andrew Clow:** (a) No.

(b) No channel of promotion is provided from inferior service to subordinate service except in the categories which I have detailed in my reply to part (c) of the Honourable Member's question to which he refers, as certain minimum qualifications and conditions are laid down by the Railway Board for recruitment to the subordinate services. Inferior servants in other categories possessing the necessary qualifications and satisfying the conditions as regards age limit laid down for recruitment to the subordinate services may be considered for promotion, but this is not a normal channel of promotion.

(c) Minimum educational qualifications for recruitment to the subordinate services were laid down by the North Western Railway in April, 1926. Inferior servants, including goods markers, recruited after that date in those categories in which there is no direct avenue of promotion are considered for promotion to the subordinate service only if they satisfy the conditions both as regards educational qualifications and age limit. Goods markers recruited before April, 1926, were considered for promotion to goods clerks provided they were below 30 years of age on 26th November, 1935.

(d) No promise was given to issue instructions. The matter was examined and it was decided to make no change.

(e) Yes, but this applies only to categories in which there is a regular avenue of promotion from inferior posts to subordinate posts.

(f) No. The Railway Board made no reference to age limit in their statement to the Federation, to which the Honourable Member refers, and they do not propose to interfere with the existing instructions regarding goods markers on the North Western Railway.

**Mr. Lalchand Navalrai:** May I know with reference to the answer to part (e) of the question whether age restriction exists for promotion?

**The Honourable Sir Andrew Clow:** I had better read my answer to part (e) of the question once again. "Yes, but this applies only to categories in which there is a regular avenue of promotion from inferior posts to subordinate posts."

**Mr. Lalchand Navalrai:** When the rules say that inferior service people are eligible for promotion to subordinate service—I am referring to part (b) of the question—may I know why these markers who have remained for years together are not given the same treatment and may I request the Honourable Member to consider their case sympathetically?

**The Honourable Sir Andrew Clow:** The reason is that for promotion to the grade to which reference is made certain minimum qualifications are laid down. These markers presumably do not possess them, for if they had possessed them they could have entered that grade when they were below age in the ordinary way.

**Mr. Lalchand Navalrai:** Is there any discretion in the General Manager to condone age and see that, if suitable people are available, they are given promotion?

**The Honourable Sir Andrew Clow:** I am not aware if any discretion is given. "I should be myself rather against it."

#### PENALTIES TO RAILWAY EMPLOYEES FOUND TRAVELLING WITHOUT TICKETS.

**107. \*Kunwar Hajee Ismail Ali Khan** (on behalf of Mian Ghulam Kadir Muhammad Shahban). Will the Honourable Member for Railways be pleased to state:

- (a) whether rules exist on the North Western Railway to the effect that an employee found travelling without ticket for three times, is to be dismissed from service;
- (b) whether it is a fact that an employee travelling without ticket is liable to pay fare and penalty as per Railway Act, like any other member of public; if so, if it is proposed to state which officers have power to forego Government dues and the circumstances under which such powers could be exercised;
- (c) whether it is a fact that under the Payment of Wages Act, IV of 1936, no deduction could be made from the employee's wages towards payment of fares, etc., referred to in part (b) above; whether these dues are recovered under section 112 of the Railway Act just as they are recovered from the public,
- (d) when no recoveries of fares are made for alleged travelling without ticket, whether the rules provide that the charge of travelling without ticket, is not established; if not, why not;
- (e) if it is a fact that watermen have made a representation from Rohri to the General Manager, North Western Railway, on a point of principle referred to in part (a) that dismissal without recovery of fares would not be in order; if so, how the representation was disposed of. if the Honourable Member has no information, whether he proposes to call for information and lay it on the table of the House, as to how such representations touching upon the rules are disposed of on the North Western Railway; and
- (f) whether it is proposed to clarify departmental rules so as to provide for establishment of offence of travelling without ticket by an employee, by recovery of fares, etc., before disciplinary action of dismissal is taken against him; if not, why not?

**The Honourable Sir Andrew Clow:** I have called for information and will lay a reply on the table of the House in due course

#### EXTENSIONS OF SERVICE GRANTED TO OFFICERS IN THE TELEGRAPH BRANCH OF THE NORTH WESTERN RAILWAY.

**108. \*Kunwar Hajee Ismail Ali Khan** (on behalf of Mian Ghulam Kadir Muhammad Shahban): (a) Will the Honourable Member for Railways be pleased to state whether it is a fact that the Railway Board have issued instructions that ordinarily extension of service beyond the age of 55 should not be sanctioned? If so, are there any officers in the Telegraph Branch of

the North Western Railway who have received extension beyond the age of 55 to continue in service? If so, is it proposed to lay on the table of the House a statement of their names and reasons under which extension of service has been granted to them?

(b) Is it a fact that almost all employees who are likely to be promoted in places of persons referred to in part (a) above, are Muslims? If so, what steps do Government propose to take to ensure promotion of Muslims to appointments which they are now deprived of by extensions of service? If not, why not?

**The Honourable Sir Andrew Clow:** (a) It is presumed that the Honourable Member refers to officers in the Superior Revenue Establishment which includes the post of Telegraph Superintendent on the North Western Railway. If so, the answer to the first two parts is in the affirmative. As regards the last part one officer, Mr. R. J. Duncan, has been granted an extension of service. This post is ordinarily filled by the loan of an officer from the Posts and Telegraphs Department, and the extension of Mr Duncan's service was considered to be in the public interest.

(b) The answer to the first part is in the negative and the last two parts do not arise, but I would point out that as I have stated in my reply to part (a), the post is not necessarily filled by promotion within the Department.

#### BLOCK MAINTAINERS ON THE NORTH WESTERN RAILWAY.

**109. \*Kunwar Hajee Ismail Ali Khan** (on behalf of Mian Ghulam Kadir Muhammad Shahban): (a) Will the Honourable Member for Railways be pleased to state whether Block Maintainers on the North Western Railway were first appointed with effect from 1st May, 1931?

(b) Is it a fact that these men were confirmed in 1936 with effect from 1st May, 1931, or subsequent dates on which they came to this branch of service?

(c) Is it a fact that these men were also treated as members of the subordinate service and therefore were entitled to "Leave Rules" applicable to the subordinate service employees under the Revised State Railways Leave Rules issued by the Railway Board in 1930?

(d) Is it a fact that these 'subordinate leave rules' have been made applicable to the Block Maintainers on the North Western Railway with effect from May, 1935, and not from the date of their confirmation as such, during which period they were treated as inferior servants?

(e) Will the Honourable Member please refer to the Director of Establishment, Railway Board, letter No. 1651-E.G., dated 24th December, 1934, to the Agents of State-managed Railways communicating the sanction of the Governor General in Council to the staff of Block Maintainers being given the privilege of 'Subordinate Leave Rules' as they were members of literary staff, monthly-paid and were to rise to the maximum salary of about Rs. 150?

(f) Why have the leave rules not been made applicable to the Block Maintainers with effect from the date of their appointment?



(g) Is it a fact that the Provident Fund deduction of these Block Maintainers have been made with retrospective effect from May, 1931, or the dates of their appointment as such, and not from the date when their confirmation orders were issued in 1936?

(h) Does the Honourable Member propose to refer to the Governor General's sanction and the Director, Railway Board's letter referred to in part (e) above, and direct the North Western Railway Administration to make necessary adjustments in the leave accounts of the Block Maintainers to enable them to be treated as members of subordinate service from the date of their promotion? If not, why not?

**The Honourable Sir Andrew Clow:** I have called for information and will lay a reply on the table of the House in due course.

### UNSTARRED QUESTIONS AND ANSWERS.

#### WORKINGS OF THE TRAINS BETWEEN HARDWAR AND RIKHIKESH ON THE EAST INDIAN RAILWAY.

**18. Mr. Muhammad Azhar Ali:** Will the Honourable Member for Railways please lay on the table a statement on the workings of the trains between Hardwar and Rikhikesh on the East Indian Railway showing *inter alia*:

- (a) the number of trains before and after the reduction in fares;
- (b) the average number of passengers travelling before and after the reduction in fares,
- (c) the revenue derived per year before and after the reduction in fares; and
- (d) the maintenance expenses incurred per year before and after the reduction in fares?

**The Honourable Sir Andrew Clow:** I am calling for such information as is readily available and will lay a statement on the table in due course

#### WORKING OF THE TRANSPORTATION SCHOOL AT CHANDAUSI ON THE EAST INDIAN RAILWAY.

**19. Mr. Muhammad Azhar Ali:** Will the Honourable Member for Railways please lay a statement on the table on the working of the Transportation School at Chandausi on the East Indian Railway showing *inter alia*:

- (a) the number of staff in each category;
- (b) the average number of students in a year;
- (c) the average number of staff given refresher courses in a year;
- (d) the average number of staff given promotion courses in a year;
- (e) the expenditure on school staff;
- (f) the expenditure on students;
- (g) the expenditure on staff attending the school;
- (h) the maintenance charges for buildings, gardens, hostels, etc.; and

- (i) the yearly average paid to catering contractor per head, and compare the same with the schools on the North Western and the Great Indian Peninsula Railways?

**The Honourable Sir Andrew Clow:** Such information as is readily available with regard to the East Indian Railway School of Transportation at Chandausi and the Walton Training School at Lahore is contained in paragraph 105 relating to the training of staff in Chapter VIII, Volume I of the Report by the Railway Board on Indian Railways for 1938-39. There are no area schools on the Great Indian Peninsula Railway I should, however, add that it is not possible to draw comparisons between expenditure at the two schools mentioned as they do not deal with the same classes of students and the courses are consequently different. The Chandausi school is purely a school for traffic staff. The Lahore school run courses for all railway staff except apprentice mechanics and some of the courses it provides are given on the East Indian Railway at Jamalpur and not at Chandausi.

**WORKING OF THE REGULATIONS REGARDING DISCIPLINARY ACTIONS AGAINST NON-GAZETTED STAFF ON STATE RAILWAYS.**

**20. Mr. Muhammad Azhar Ali:** Will the Honourable Member for Railways please lay a statement on the working of the Regulations regarding disciplinary actions against non-gazetted staff on the Eastern Bengal, the East Indian, the Great Indian Peninsula and the North Western Railways, since 22nd June, 1935, showing *inter alia*

- (a) the total number of staff affected under those regulations;
- (b) the number of staff awarded penalties under each head of regulation No. 2 of those regulations,
- (c) the number of appeals received against each penalty; and
- (d) the number of successful appeals against orders of penalty?

**The Honourable Sir Andrew Clow:** (a) 3,66,853 on 31st March, 1939

(b), (c) and (d) Government have no information except in the case of appeals against original orders imposed by the General Managers or the Controller of Railway Accounts, and it would be impracticable to compile particulars of all disciplinary proceedings. In 1939, the number of appeals lying to the Railway Board from non-gazetted staff was five. In two of these cases the penalty was remitted, and in one it was reduced.

**MONOPOLY FOR CATERING CONTRACTS ON THE EAST INDIAN RAILWAY.**

**21. Mr. Muhammad Azhar Ali:** Will the Honourable Member for Railways please state if it is a fact that the East Indian Railway Administration gives the monopoly of catering for the travelling public to Messrs. Ballabdas Eshwardass, with permission to sublet the contracts to existing contractors or to others?

**The Honourable Sir Andrew Clow:** Every catering contract is, in effect, a monopoly, for it gives to the contractor, as a general rule, the sole right to cater to the travelling public in a certain style at a particular station or in a specified area. Messrs. Ballabdas Eshwardass hold certain of such contracts on the East Indian Railway but not all. Their agreements with the Administration make provision against sub-letting.

### HIGHER PRICES CHARGED FOR ARTICLES SOLD BY MAJOR KUNWAR DEEP CHAND AT DELHI RAILWAY STATION.

**22. Mr. Muhammad Azhar Ali:** Will the Honourable Member for Railways please state whether it is a fact that prices charged for articles sold by Major Kunwar Deep Chand at Delhi station on the North Western Railway are higher than the selling prices prevalent in Delhi market?

**The Honourable Sir Andrew Clow:** I have no reason for supposing that the prices charged show any unreasonable variations from those prevailing in the market. All prices are subject to the control of the Divisional Superintendent. The rates for all commodities are based on information supplied by the Superintendent of Industries and are adjusted when necessary: those for fruit are considered every week.

### WITHDRAWAL OF BED COACHES FROM CERTAIN WAITING ROOMS ON THE EAST INDIAN RAILWAY.

**23. Mr. Muhammad Azhar Ali:** Will the Honourable Member for Railways please state:

- (a) the reasons for withdrawing "Bed couches" from the Waiting Rooms on the East Indian Railway where retiring rooms are not provided; and
- (b) the extent of comforts provided for the night at those Waiting Rooms?

**The Honourable Sir Andrew Clow:** (a) Enquiries are being made from the Railway Administration and a reply will be laid on the table in due course.

(b) The amenities provided vary, but no waiting room is designed to provide for those desiring sleeping accommodation for the whole night.

### DUTIES OF ASSISTANT OFFICERS AND TRANSPORTATION INSPECTORS ON STATE RAILWAYS.

**24. Mr. Muhammad Azhar Ali:** Will the Honourable Member for Railways please lay a comparative statement of the duties of the Assistant Officers and of the Inspectors (Transportations) on the Eastern Bengal, the East Indian, the Great Indian Peninsula and the North Western Railways and state if there is any scope for effecting economy on the maintenance of officers or of Inspectors; if so, to what extent?

**The Honourable Sir Andrew Clow:** I have called for information and will lay a reply on the table of the House in due course.

### INSPECTORS ON STATE RAILWAYS.

**25. Mr. Muhammad Azhar Ali:** Will the Honourable Member for Railways please state the actual strength, Division by Division, of the Inspectors in each class, grade or category on the Eastern Bengal, the East Indian, the Great Indian Peninsula and the North Western Railways?

**The Honourable Sir Andrew Clow:** Government have no information and regret that they cannot undertake the researches necessary for the compilation of a statement of this character.

## ELECTION OF MEMBERS TO THE PUBLIC ACCOUNTS COMMITTEE.

**The Honourable Sir Jeremy Raisman** (Finance Member) Sir, I move:

"That the non-official members of the Assembly do proceed to elect, in the manner required by rule 51 of the Indian Legislative Rules, four members to be members of the Committee on Public accounts in place of Mr B Das, Mr. S. Satyamurti, Bhai Parma Nand and Mr J Ramsay Scott, who retire on the 25th February, 1940, in accordance with the provisions contained in sub-rule (4) of the same rule."

**Mr. President** (The Honourable Sir Abdur Rahim) The question is:

"That the non-official members of the Assembly do proceed to elect, in the manner required by rule 51 of the Indian Legislative Rules, four members to be members of the Committee on Public accounts in place of Mr B Das, Mr. S. Satyamurti, Bhai Parma Nand and Mr J Ramsay Scott, who retire on the 25th February, 1940, in accordance with the provisions contained in sub-rule (4) of the same rule."

The motion was adopted

**Mr. President** (The Honourable Sir Abdur Rahim). The Chair may inform Honourable Members that for the purpose of election of members to the Public Accounts Committee the Notice Office will be open to receive nominations upto 12 Noon on Thursday, the 22nd February, and that the election, if necessary, will, as usual, take place on Tuesday, the 27th February, 1940, in the Assistant Secretary's Room in the Council House, New Delhi, between the hours of 10-30 a m and 1 p m. The election will be conducted in accordance with the principle of proportional representation by means of the single transferable vote.

## THE RESERVE BANK OF INDIA (CLOSING OF ANNUAL ACCOUNTS) BILL.

**The Honourable Sir Jeremy Raisman** (Finance Member). Sir, I move for leave to introduce a Bill to facilitate the changing of the date on which the annual accounts of the Reserve Bank of India are closed.

**Mr. President** (The Honourable Sir Abdur Rahim). The question is:

"That leave be granted to introduce a Bill to facilitate the changing of the date on which the annual accounts of the Reserve Bank of India are closed."

The motion was adopted

**The Honourable Sir Jeremy Raisman**: Sir, I introduce the Bill.

## THE INDIAN ARBITRATION BILL.

**The Honourable Sir Muhammad Zafrullah Khan** (Law Member). Sir, I move:

"That the Bill to consolidate and amend the law relating to Arbitration, as reported by the Select Committee, be taken into consideration."

Sir, Honourable Members are aware that this Bill was referred to a Select Committee in the last Simla Session. When moving for reference to a Select Committee I briefly explained the scope and purpose of the Bill. In the meantime, the Bill had been circulated by executive order for the purpose of eliciting opinion thereon and as a result of this circulation a volume of opinion was received which was carefully considered by the department. Several very useful suggestions had been made and these the Select Committee have incorporated in the body of the Bill. It is most gratifying that very little controversy arose with regard to the provisions of the Bill in the Select Committee and with regard to the greater part of the Bill there was complete unanimity. I consider, and I am sure the House will agree with me, that this is a great tribute to the labours of the special officer, Mr. Chatterjee, who studied the whole subject of arbitration and framed a Bill based upon the principles of the report that he submitted in this connection. It is also a tribute to the labours of the Draftsman and the Solicitor to the Government of India and the Members of the Select Committee that they were able to improve the Bill in so many particulars in the course of a very few number of sittings. The Bill, therefore, comes back to the House considerably improved and in a state which has elicited very few notices of amendment. I, therefore venture to hope that it will not take the House very long to consider the provisions of the Bill and to pass them into law. Sir, I move.

**Mr. President** (The Honourable Sir Abdur Rahim) Motion moved:

"That the Bill to consolidate and amend the law relating to Arbitration, as reported by the Select Committee, be taken into consideration."

**Mr. Lalchand Navalrai** (Sind Non-Muhammadan Rural): I took some interest in this Bill when it was being referred to the Select Committee. I made some suggestions which are contained in my speech of the 5th September, 1939. Out of those suggestions, I must say to the credit of the Select Committee, some of them have been accepted. The use of the expression 'legal representative' instead of 'personal representative' has been accepted and that removes a great difficulty which would have arisen in the courts. Then I referred to awards which pertain to movable as well as immovable property and I enquired whether Small Cause Courts would accept the award regarding the immovable as well as movable property jointly, whether that would be accepted by the Small Cause Court or not. Now, I see a provision is made in clause 2(c) which says:

"Court means a Civil Court having jurisdiction to decide the questions forming the subject matter of the reference if the same had been the subject matter of a suit, but does not, except for the purpose of arbitration proceedings under section 21, include a Small Cause Court."

Now, this applies to suits which are in courts. Clause 40 refers to this but it is not very clear. I would request the Honourable the Leader of the House to enlighten the House clearly on that point. The instance I am giving relates to awards both in respect of movable and immovable property. It is an award out of court, that is to say, by agreement and the first portion of the Bill applies to them. Therefore, it should be made clear.

**The Honourable Sir Muhammad Zafrullah Khan:** I can give a reply to the Honourable Member on that point immediately. A Small Cause Court

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will have no jurisdiction with regard to any of the matters contained in the Bill except with reference to suits actually pending before the Small Cause Court.

**Mr. Lalchand Navarai:** I am thankful to the Honourable Member. Then I raised another point in regard to the Bill as originally drafted. In clause 9 of the Bill it is provided:

"Where an arbitration agreement provides that a reference shall be to two arbitrators, one to be appointed by each party, then, unless a different intention is expressed in the agreement" and so on

Then it is said that either party who has appointed his own arbitrator will have authority to ask the other party to appoint other arbitrator

**The Honourable Sir Muhammad Zafrullah Khan:** The Honourable Member is confusing the two provisions. He has read out (a) and he is now discussing (b)

**Mr. Lalchand Navarai:** It refers to (b), about the neglect of the arbitrator and then clause (b) will arise. My objection is to clause (b) and the reason why I am against it is that if another arbitrator is to be appointed and if another arbitrator has not been appointed by him, then this would be a very drastic measure to give authority to the other party to get an award given by one sole arbitrator and he shall have that option after giving notice. My submission is that this is a drastic power put in the hands of the party. Many things would arise and the neglect of appointment or the appointment itself may be due to a *bona fide* intention . . . .

**The Honourable Sir Muhammad Zafrullah Khan:** May I suggest that as there are three amendments down with regard to that, the Honourable Member might reserve his comments for that occasion?

**Mr. President** (The Honourable Sir Abdur Rahim): That will be far more convenient.

**Mr. Lalchand Navarai:** I only wanted to give an idea of what it is. I did not want to go into details. What I am submitting is that power should be left to the court instead of giving it to the party.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member will have an opportunity to discuss the clauses later on.

**Mr. Lalchand Navarai:** I know that, Sir. Then, Sir, so far as my previous objections are concerned, I have already sent in some amendments and I hope to send in one more amendment which, I trust, will be in time. In the meantime, I think it must be plain to the House that before this amending Bill there were two enactments with regard to the arbitration. One was under the Schedule of the Civil Procedure Code and the other was with respect to Act IX of 1899. Now, the difference between these two enactments was this that one which was not of a stricter nature was under the Civil Procedure Code and it applied to the whole of India, including the Mofussil areas. Even in the case of the districts, Act IX of 1899 did not apply. It was applied only in the case

of urban areas or in places like Karachi, Bombay, Calcutta and Madras. Now, it has been mentioned in the opinions that we have received to which the attention of the Honourable the Leader of the House must have been drawn that these stricter provisions should not apply to the mofussil areas. That will create complications because people have not yet become so much enlightened that that Act should not apply to them. It may be said that that is only my individual opinion, but that is not the case. I would like to quote the opinion of the Judge of the Judicial Commissioner's Court, which is to be found on page 65 of the opinions received. This is what the Honourable Mr E. Weston, Judge, Court of the Judicial Commissioner of Sind, says:

"I am not in favour of extension of the principles of the Arbitration Act to the mofussil. The Civil Justice Committee considered it doubtful whether mofussil India was ready for or required a system more elaborate than is provided by Schedule 2 Civil Procedure Code. Mr. Chatterjee disposes of this view on the grounds that 14 years have elapsed and conditions in this country have changed. With respect I differ entirely. The type of mofussil litigation and the mentality of mofussil litigants are as they were in the days of the Committee. I am in favour of amendment of the Arbitration Act and of its extension to places where commercial litigation is appreciable."

I know that the Bill has now emerged from the Select Committee but there is yet time to consider that the provisions such as those contained in Act IX of 1899 should not be incorporated in this Bill. What I submit is that stringent portions of the Bill should be lightened and smoothened in such a manner that all courts even in the mofussil, would not think that they will be harmful or complicated to the general public. I have already sent in my amendments with regard to these stringent provisions. If all or some of these amendments are accepted by the House then the difficulty pointed out by the Sind Judge would also disappear.

There is one more point that I would like to place before the House. In the third Schedule we find that certain enactments are being repealed but amongst them I find that there are two obsolete Acts in connection with the arbitration, one relates to Sind and the other to the Punjab. They should also be repealed under that Schedule.

Sir, I do not wish to take any more time of the House but I must submit, in conclusion, that as this Bill seeks to consolidate the whole law on arbitration, we should give it our full consideration. I do see the necessity of this measure which is overdue and from that point of view I welcome the Bill with certain modifications which I will suggest when my amendments are taken up.

**The Honourable Sir Muhammad Zafrullah Khan:** Sir, the real point that has been raised by Mr Lalchand Navalrai, apart from the specific amendments to which he has referred, is that the result of this consolidation of the law relating to arbitration into one enactment may be that the stricter provisions of the Arbitration Act or some of them which have been incorporated in this Bill will also become applicable to the mofussil. That, of course, is so and that is one of the merits of the Bill. But I assure him, and when the time comes I will give instances, that we have had that in mind and we have made such changes in the Bill as to reduce any undue rigidity or harshness that might otherwise have resulted from this Bill. On the other hand, of course, he will be himself the first to admit that lawyers in the mofussil, at any rate, will consider it a

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reflection upon themselves if it is assumed that they would not be able to either understand or to advise upon the very simple provisions of this Bill.

**Mr. President** (The Honourable Sir Abdur Rahim): The question is:

"That the Bill to consolidate and amend the law relating to Arbitration, as reported by the Select Committee, be taken into consideration "

The motion was adopted.

Clauses 2 to 8 were added to the Bill

**Mr. President** (The Honourable Sir Abdur Rahim): The question is "

12 Noon.

"That clause 9 stand part of the Bill "

There is an amendment in the name of Mr. Lalchand Navalrai.

**The Honourable Sir Muhammad Zafrullah Khan:** Sir, it is out of order, it was only given notice of yesterday Maulvi Abdur Rasheed Chaudhury's amendment, of course, is in time

**Maulvi Abdur Rasheed Chaudhury** (Assam Muhammadan). Sir, I rise to move

"That in sub-clause (b) of clause 9 of the Bill after the word 'may' occurring in the seventh line the words 'if the other party has no objection' be inserted "

Sir, in order to explain what I mean by this amendment, it is necessary to go through sub-clause (b) of clause 9 of the Bill That sub-clause, as it has been drafted, provides that if the parties fail to appoint an arbitrator either originally or as a substitute after fifteen days' notice given by either party, then the party which has appointed the arbitrator and which has given fifteen days' notice is entitled to appoint his arbitrator as the sole arbitrator in the reference Sir, first of all I will say that these fifteen days' notice is not in all cases sufficient for the purpose. It may be that between the arbitration agreement and the appointment of the arbitrator there may happen something which may give some reason to the party to think that he should get more time before he formally appoints his arbitrator It is in the experience of many in this House that such things frequently happen In that case fifteen days' notice is quite insufficient Then, again, in case an arbitrator appointed dies and the party has got to select another arbitrator, in that case also fifteen days probably are not sufficient Then, again, we know from our experience how interested parties may make use of this notice So I consider that on the strength of this notice alone we should not empower the other party to appoint his arbitrator as the sole arbitrator in the reference. Sir, the importance attached to this sole arbitrator is very great His award will have a binding force on the other party and his award cannot be revoked by the other parties without going to the court. Now, Sir, this is a very important measure which is going to be enacted and it should be our duty to see that the parties to the arbitration should not be involved in future litigation With this end in view I have tabled this amendment. The object of my amendment is that if the other party has no objection, then the party which has given notice may appoint the arbitrator in the way given in the Bill; that is, if the other party has no objection, then the arbitration case may be ended out of court, as has



been provided in this Bill. If, however, there is any objection on the part of the other party, this procedure should not hold good. Now, it may be said that undue importance should not be attached to the appointment of the sole arbitrator, because the proviso provides that in case anything wrong is done, the court can revoke the award of the arbitrator. I agree to this, but we know how difficult it is for parties to go to court and to have an award of an arbitrator cancelled. It involves a lot of labour, and it involves a lot of huge cost on the part of the people to have the award of the arbitrator cancelled. So, in order to help people so that they may not have to go to court, my amendment provides that if the other party has no objection, then the arbitrator appointed may be appointed by the other party as the sole arbitrator. This is a simple amendment and I hope the Honourable the Leader of the House will accept my amendment.

**Mr. President** (The Honourable Sir Abdur Rahim) Amendment moved

"That in sub-clause (b) of clause 9 of the Bill after the word 'may' occurring in the seventh line the words 'if the other party has no objection' be inserted."

**The Honourable Sir Muhammad Zafrullah Khan:** Sir, in order to avoid repetition at any rate on my part I shall submit with your permission my reasons for not being able to accept any of the amendments of which notice has been given with reference to clause 9 at this stage. Thereafter if any specific point is made on any of the other amendments I shall reply to it when the occasion arises. Mr. Lalchand Navarai's amendment as well as the two amendments of which notice has been given by Maulvi Abdur Rasheed Chaudhury relate to the same subject-matter. Maulvi Abdur Rasheed Chaudhury desires, briefly, that if, in the case dealt with in clause (b), one party has failed to appoint an arbitrator, the other party should first give notice and say, "do you agree that I should appoint this arbitrator for you?" If that party fails to agree or objects then they should come to court and ask the Court to appoint an arbitrator. Mr. Navarai's amendment would ask them to go to court at the very first stage. That is the difference between the two proposals. The first amendment that has just now been moved by Maulvi Abdur Rasheed Chaudhury is really purposeless. If one party has failed to appoint his own arbitrator himself, he is not likely to agree to the other party appointing an arbitrator for him because, instead of agreeing to that, he might as well appoint one himself. I would draw the attention of the Honourable Member to the fact that we have not kept the provision as rigid in this respect as it was in the Arbitration Act. Under the Arbitration Act, only seven days were given for the appointment to be made. We have extended the period to 15 days. Also the proviso to which he has himself referred did not find a place in the Arbitration Act. We have added the proviso as a further safeguard that if any fraud has been committed, then the other party may move the court and may ask the court either to set aside the appointment or to make the appointment itself, so that really all reasonable cases have been met. May I point out that the provision in the original Act, with only seven days period of notice, has worked without any harshness having come to anybody's notice. This is one of those cases where we have taken care that we should adapt the new legislation to the needs of the mofussil. After all the object of

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going to arbitration is to obtain speedy and inexpensive decision of disputes and if we are going to cumber this procedure with all sorts of safeguards of the kind that are being suggested in the amendment the object of the legislation would be lost. Sir, I oppose the amendment

**Mr. President** (The Honourable Sir Abdur Rahim) The question is

"That in sub-clause (b) of clause 9 of the Bill after the word 'may' occurring in the seventh line the words 'if the other party has no objection' be inserted."

The motion was negatived

**Mr. Lalchand Navalrai:** Sir, I beg to move

"That in sub-clause (b) of clause 9 of the Bill for all the words occurring after the word 'may' occurring in the seventh line and the proviso the following be substituted

'apply to the court to appoint as it thinks fit an arbitrator for the party which has failed to appoint an arbitrator' "

Sir, I should say at the very outset that there is a difference between the amendment which has just been moved and this amendment. The amendment moved by my Honourable friend was that if one arbitrator is not appointed by the party, then the other man with the consent of that very man should appoint a sole arbitrator

**Mr. President** (The Honourable Sir Abdur Rahim) The Honourable Member need not pursue the amendment which has just been rejected by the House

**Mr. Lalchand Navalrai:** I am only pointing out the difference between the two. My amendment is to simplify the procedure. I understand that the Select Committee has taken notice of this objection and they have modified it to some extent. The arbitrator may be appointed by the other party. Then it is said that if the other party wants to get that set aside, then that party must go to court. There are difficulties in that, which I would ask the Honourable the Leader of the House to consider. If an arbitrator is appointed by the other party and if the award is got hold of and filed in court, then the second proviso that has been put in that the appointment can be cancelled goes off. If a man becomes clever and he wants to see that he excels the other party and then he appoints an arbitrator forthwith, because power is given to him after giving notice, then he will tell the arbitrator to give a decision just now and it may be that the arbitrator gives the decision just then. Then what is the course left to the other party? To go afterwards and apply for setting aside that award? But then it will not be set aside because the Judge will say, it is due to his negligence. Therefore, I am submitting that this procedure will be that which comes under the category of stricter provisions as referred to by me in my speech at the consideration stage. That is what I am requesting the Honourable Member to consider. It is no doubt he has modified it. He has provided a remedy, but that remedy is not the easiest remedy. The amendment that I am suggesting is the easiest remedy. As soon as a man fails and notice of 15 days is given to him, then what will be the loss if the other party asks the court to appoint an arbitrator in that man's place. That will remove

many of the difficulties. It will be easy for the litigants to carry on fairly and that is a safeguard for the other party. Instead of seven days, 15 days are now provided. But the difficulty is this. There are litigants who cannot take advantage of these technicalities. It is our duty at this stage to see that an easy procedure is laid down so that there may be no deception or fraud. The stronger will win over the weaker party. I hope the Honourable Member will see the substance in my amendment and accept the same thus relieving the difficulties of the litigants.

**Mr. President** (The Honourable Sir Abdur Rahim) Amendment moved

"That in sub-clause (b) of clause 9 of the Bill for all the words occurring after the word 'may' occurring in the seventh line and the proviso the following be substituted.

'apply to the court to appoint as it thinks fit an arbitrator for the party which has failed to appoint an arbitrator' "

**Mr. Muhammad Azhar Ali** (Lucknow and Fyzabad Divisions, Muhammadan Rural) Sir, I support the amendment. It seems to me that there is some sense in this amendment. The provision in the Act is

"the party who has appointed an arbitrator may appoint that arbitrator to act as sole arbitrator "

Sir, to leave it to the very party to appoint his own arbitrator whom he had once appointed, for himself to be the sole arbitrator on behalf of another will be rather hard in such cases. Experience in the courts shows that when arbitrators are appointed they ought to be such who may act not in any way favourably to either party. If the arbitrator appointed by one party acts for the other party also, it seems a hard case. My friend's suggestion to have the appointment made through court means that he will not be connected with the party which has already appointed him, and also he will not be the sole umpire or arbitrator. I, therefore, support the amendment, and experience also shows that the same person should not be the arbitrator for both parties.

**Sardar Sant Singh** (West Punjab, Sikh): Sir, I am afraid I must oppose this amendment. The point of the two previous speakers is that there should be no deception or fraud and no suffering to any of the parties on account of the technicalities of the law. My Honourable friend, Mr. Azhar Ali, says the better thing is to get an arbitrator appointed by court in the case mentioned in sub-clause (b). But sub-clause (b) lays down that if a person served with notice does not move in the matter or come to court to appoint another arbitrator within the period mentioned, it is clear that he acquiesces in the award being given by one arbitrator. So, there can be no question of fraud or deception. Even if fraud is practised on a party in the matter of giving notice he can come to court and place the facts before it, and under the proviso the court can allow further time to the defaulting party to appoint an arbitrator. So the court has got wide power in the case of fraud or deception. Similarly, in the case of illness or absence, the court can give relief if the case is shown to be just and equitable. Arbitration proceedings are speedy proceedings and any attempt to delay the proceedings before the arbitrator should not be encouraged.

Then my Honourable friend, Mr. Lalchand Navalrai, said that if the party which appoints an arbitrator is clever enough it can at once ask him

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to give the award. A safeguard against that is contained in clause 30 which provides for the setting aside of the award if the arbitrator has misconducted himself or the proceedings

I, therefore, think the amendment goes against the principle of the Bill which requires speedy decision of the dispute between the parties. Sir, I oppose the amendment.

**The Honourable Sir Muhammad Zafrullah Khan:** Sir, it is not necessary for me to add very much to what Sardar Sant Singh has said but I may put these considerations to the Honourable the Mover of the amendment. First, the matter has already been very carefully considered and his appeals to me to reconsider it are now really rather late. Secondly, if there is fraud of the kind that he contemplates, that is to say, if an arbitrator is appointed after 15 days' notice and there is fraud in the service of the notice and the arbitrator is asked at once to give the award and proceeds to do so, the proceedings, of course, will be null and void. The Mover appears to be under the curious delusion that once you appoint your arbitrator as the sole arbitrator, that arbitrator will act without reference to the other party altogether. But even as sole arbitrator it is his business to call the parties before him and to hear them, take their evidence and to pronounce upon the matter after taking all necessary steps to acquaint himself with the merits of the dispute and the evidence that the parties may wish to produce before him in support of their respective cases. If he proceeds in the manner indicated by the Honourable the Mover the whole proceedings will be set aside, there is not the slightest doubt about that

**Mr. Lalchand Navalrai:** I hope the judges will do it

**The Honourable Sir Muhammad Zafrullah Khan:** That is a question of evidence, the law only provides remedies

**Mr. Muhammad Azhar Ali:** Sir, may I ask a question? By adding this proviso have the proceedings not been made more cumbrous, whereas by the amendment they would not be so

**Mr. President** (The Honourable Sir Abdur Rahim) That is not a question. The Honourable Member is only trying to argue

The question is.

"That in sub-clause (b) of clause 9 of the Bill for all the words occurring after the word 'may' occurring in the seventh line and the proviso the following be substituted

'apply to the court to appoint as it thinks fit an arbitrator for the party which has failed to appoint an arbitrator.'"

The motion was negatived.

Clause 9 was added to the Bill.

Clause 10 was added to the Bill.

**Mr. President** (The Honourable Sir Abdur Rahim) The question is "That clause 11 stand part of the Bill"

**Mr. Lalchand Navalrai:** Sir, I move:

"That to sub-clause (2) of clause 11 of the Bill the following be added at the end:—  
'or is found to be interested in one party or the other and that fact was not known to the parties'."

Clause 11 provides for the removal of an arbitrator by court while the arbitration proceedings are pending. This is a very salutary provision as previously the courts would entertain these objections only when application was made for setting aside the award. But there is another consideration to which I will draw attention. There have been occasions when after a certain arbitrator had been appointed after both the parties had honestly believed that he was not interested, it turned out later on that one party had been cleverer than the other and that the arbitrator was very nearly related to one party. For instance, one party may not know at the time that the arbitrator was a very thick friend of the other party or very nearly related to him. If provision is made that the court shall have power to remove the arbitrator for other reasons, why not also for this reason? This sort of thing does not happen often. Provision is made in the Criminal Procedure Code that even magistrates who are interested should not decide certain cases. Why should not such a rule be made here also? Arbitrators can be removed for misconduct. But the point here is initial. Should such a man arbitrate at all? The reason I have given is a valid reason and I shall be very glad if the Honourable the Leader of the House can tell me that this can be done under some other provision or that the court has inherent powers in the matter. Personally, I do not find any such discretion given to the judge. If, therefore, there is no inherent power, it should be given specifically. I need not dilate further on the point and I appeal to the Honourable the Leader of the House not to say that it is too late now. When the Bill comes here from the Select Committee, there is time for amending or modifying its provisions.

**Mr. President** (The Honourable Sir Abdur Rahim) Amendment moved

"That to sub-clause (2) of clause 11 of the Bill the following be added at the end :

'or is found to be interested in one party or the other and that fact was not known to the parties'

**The Honourable Sir Muhammad Zafrullah Khan:** Sir, may I point out that I did not say any such obviously foolish thing as that it is too late now to amend any of the provisions of the Bill? Of course, it is not. All I said was that the particular point he raised had been very carefully considered and when he made an appeal to me to consider, I said it was rather late with regard to that particular point because I had already considered it. However, nothing turns much on that.

With regard to this particular amendment, my first objection is that it is an extremely vague amendment, and when the Honourable Member proceeded to say he would at once make it clear he merely indicated the difficulties which would arise rather than making the point clear. Suppose the arbitrator is a very great friend of one of the parties. How are you going to determine it if objection is taken? Is the court to embark upon a detailed investigation as to the friendship existing between the two parties and if so, what is the degree of friendship, whether he is a very great friend, or only a great friend or only a friend? The same with regard to the degree of relationship. But I concede that there may be cases where there may be good reason to suspect that the arbitrator may be partial to one party, and in such cases where there is a genuine apprehension this is not the relevant clause under which the Honourable Member would have to proceed, supposing he was either a party to the arbitration or advising one

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of the parties. This clause, it will be observed, deals with a case where the arbitration having been validly entered upon the arbitrator has done something or has failed to do something which necessitates that the court should be moved to obtain his removal. Where there is an inherent defect in the arbitrator himself, as the Honourable Member has in mind, the relevant clause would be clause 5, that is to say, an application to the court for revocation of the arbitration or the authority of the arbitrator on the ground that he is not likely to prove an impartial arbitrator, that one party had accepted him not knowing certain matters which had now come to light and which have destroyed that party's confidence in the arbitrator. Under that clause or a provision like that the courts have held that collusion or partiality would be a valid ground for the revocation of the arbitration, and as the Honourable Member wanted to be told where he could seek his remedy, that is the clause under which he would be able to go and seek revocation.

**Mr. Lalchand Navarai:** Sir, I want to withdraw this amendment

The amendment was, by leave of the Assembly, withdrawn.

**Mr. President** (The Honourable Sir Abdur Rahim) The question is

"That clause 11 stand part of the Bill "

The motion was adopted.

Clause 11 was added to the Bill.

Clause 12 was added to the Bill.

**Mr. President** (The Honourable Sir Abdur Rahim) The question is

"That clause 13 stand part of the Bill "

**Maulvi Abdur Rasheed Chaudhury:** Sir, I beg to move.

"That after sub-clause (e) of clause 13 of the Bill the following new sub-clause be added :

'(f) take down all evidence in writing and have the evidence signed by witnesses as read and found correct'."

Sir, this is a very simple amendment. The object of this amendment is that the evidence of parties should be taken down in writing and they should sign such evidence in writing as having been read by them and found correct as is done in other cases. The object is if there is any reference or appeal to a higher court regarding the award made by the arbitrator, the party may not say that they did not say such and such thing before the arbitrator. Therefore, I think that all the evidence urged at the time of the arbitration should be taken down in writing and should be treated as evidence in court by the arbitrator and such recorded evidence should be signed by the witnesses. Sir, I move

**Mr. President** (The Honourable Sir Abdur Rahim) Amendment moved:

"That after sub-clause (e) of clause 13 of the Bill the following new sub-clause added :

'(f) take down all evidence in writing and have the evidence signed by witnesses as read and found correct' "

**The Honourable Sir Muhammad Zafrullah Khan:** Sir, may I point out very respectfully that for the purpose the Honourable Member has in mind this amendment is entirely misconceived. The clause reads like this. "The arbitrators or umpire shall, unless a different intention is expressed in the agreement, have power to (a) administer oath to the parties and witnesses appearing and all the other things mentioned in (b), (c), (d), and (e)", and the Honourable Member wants to add (f) so that they shall also have power to take down the evidence in writing. Of course, they have that power. This clause is not exhaustive, but if he means that they shall be compelled to do so in each case, they will not be compelled to do so by this amendment. They have power now to take down the evidence if they wish to. I may add, with regard to the intention of my Honourable friend, that it would be most undesirable to compel arbitrators to take everything down in writing. They must be left a certain amount of liberty in this matter, but when they do take anything down, then the next clause provides that when submitting their award, they shall also send to the court any depositions they may have taken down.

**Mr. M. S. Aney** (Berar Non-Muhammadian) Sir, perhaps my Honourable friend, the Law Member, has not understood what the Mover has in mind. It is true that if the arbitrators want, they may take down the evidence in writing. That is another matter, but so far as this clause is concerned, it does not specify anywhere that they have the power to take down evidence and interpret it in the way he has mentioned in the amendment. All that is laid down here is, unless a different intention is expressed in the agreement, the arbitrator or umpire shall have power to do certain things mentioned here. He may administer the oath, he may hear the evidence, but he may only make a note of it. All that my friend wants is this. If a witness appears before an arbitrator and makes a statement, that statement should be duly recorded and it should be signed by the witnesses. The arbitrator should be in a position to ask the witness to put his signature to that statement as being correct. That the arbitrator cannot do under this clause. He may ask the witness to do so, but the witness can refuse to sign it, and there is nothing to compel the witness to sign the statement as required by my friend. The statement made by a witness before an arbitrator should have the same effect as any statement made before any other court. That is possible only if some such amendment as is suggested by my friend is made.

**The Honourable Sir Muhammad Zafrullah Khan:** In spite of this clause, the witness may refuse to sign it. After all, this amendment only empowers the arbitrator to do certain things.

**Mr. M. S. Aney:** When it empowers the arbitrator to ask the witness to sign the statement, and if the witness refuses to sign it, it will amount to disobedience of the order, and the consequence will be different. Therefore, I think there is some force in what my friend has said in support of his amendment.

**Mr. President** (The Honourable Sir Abdur Rahim) The question is.

"That after sub clause (e) of clause 13 of the Bill the following new sub-clause be added :

'(f) take down all evidence in writing and have the evidence signed by witnesses as read and found correct'."

The motion was negatived.

Clause 13 was added to the Bill.

**Mr. President** (The Honourable Sir Abdur Rahim): The question is.

"That clause 14 stand part of the Bill."

**Maulvi Abdur Rasheed Chaudhury**: Sir, I have a small amendment to make. It reads thus:

"That to sub-clause (1) of clause 14 of the Bill the words 'if already settled with parties otherwise after settling a reasonable amount' be added at the end."

This clause, Sir, relates to the payment of fees to the arbitrators and the fees demanded by them. Perhaps rich representatives of the people in this House cannot understand the difficulties which we coming from the villages feel in this respect. It frequently happens that arbitrators in the beginning do not settle their fees and the parties agree to appoint their arbitrator under the belief that their charges would not be very prohibitive, but sometimes it happens that the charges of the arbitrators are so high that the parties consider that it would have been better for them to go to the court than to resort to arbitration. Therefore, I make this amendment that if the arbitrators have already settled the fees with the parties, it is all right, otherwise, they should first settle with the party and then demand the amount from them. This will clear the whole position, because unknowingly the parties will not sign the demands of the arbitrators, and in this way it will afford relief to the parties. Sir, I move

**Mr. President** (The Honourable Sir Abdur Rahim) Amendment moved

"That to sub-clause (1) of clause 14 of the Bill the words 'if already settled with parties otherwise after settling a reasonable amount' be added at the end"

**The Honourable Sir Muhammad Zafrullah Khan**: Sir, this amendment is quite unnecessary. If the amount is already settled, there will be no dispute about it. But if there is a dispute, clause 38 provides that if an arbitrator or umpire refuses to deliver his award except on payment of the fees demanded by him, the court may order that the arbitrator or umpire shall deliver the award to the applicant on payment into court by the applicant of the fees demanded, and shall, after such inquiry as it thinks fit, further order that out of the money so paid into court there shall be paid to the arbitrator or umpire by way of fees such sum as the court may consider reasonable and the balance of the money, if any, shall be refunded to the applicant, so that the provision is already there.

**Maulvi Abdur Rasheed Chaudhury**: In view of what the Honourable Member has said, I beg leave of the House to withdraw my amendment.

**Mr. President** (The Honourable Sir Abdur Rahim): Has the Honourable Member the leave of the House to withdraw his amendment?

**Several Honourable Members**: Yes, yes.

The amendment was, by leave of the Assembly, withdrawn.



**Mr. Lalchand Navalrai:** I beg to move:

"That to sub-clause (2) of clause 14 of the Bill the following be added at the end :

'If the arbitrators or umpire so fail to file the award any party may apply to the court to make suitable orders as it deems fit to send for the award'."

I consider that there is a lacuna which has to be filled and I do not want to take the time of the House over it. I hope this amendment will be accepted by the Honourable Member as otherwise there is no other way of the award coming before the court.

**Mr. President** (The Honourable Sir Abdur Rahim) Amendment moved:

"That to sub-clause (2) of clause 14 of the Bill the following be added at the end :

'If the arbitrators or umpire so fail to file the award any party may apply to the court to make suitable orders as it deems fit to send for the award'."

**The Honourable Sir Muhammad Zafrullah Khan:** Sir, I have no quarrel with the object of the amendment. Obviously the Honourable Member means that if the arbitrator will not himself file the award or send it to the court there should be some means of compelling him to do so. On this, with your permission, somebody on our behalf will move an amendment which will achieve the same object, in its proper place in the clause. The amendment will run thus

"That in sub-clause (2) of clause 14 of the Bill after the words 'or any person claiming under such party' the words 'or if so directed by the court' be inserted."

That will achieve the object.

**Mr. Lalchand Navalrai:** I will accept that amendment and beg leave to withdraw my amendment.

The amendment was, by leave of the Assembly, withdrawn.

**Sir George Spence** (Secretary, Legislative Department): Sir, I move.

"That in sub-clause (2) of clause 14 of the Bill after the words 'or any person claiming under such party' the words 'or if so directed by the court' be inserted"

**Mr. President** (The Honourable Sir Abdur Rahim): The question is:

"That in sub-clause (2) of clause 14 of the Bill after the words 'or any person claiming under such party' the words 'or if so directed by the court' be inserted."

The motion was adopted

Clause 14, as amended, was added to the Bill.

Clauses 15 to 37 were added to the Bill.

**Mr. President** (The Honourable Sir Abdur Rahim): Clause 38.

**Maulvi Abdur Rasheed Chaudhury:** Sir, I beg to move:

"That in clause 38 of the Bill for the words 'the fees demanded' occurring in the sixth line the words 'an amount which the court deems reasonable' be substituted."

[Maulvi Abdur Rasheed Chaudhury.]

I moved an amendment in this connection but after hearing the Honourable the Leader of the House I begged leave of the House to withdraw. Let me read the clause before I explain what I want to be done :

"If in any case an arbitrator or umpire refuses to deliver his award except on payment of the fees demanded by him, the court may, on an application in this behalf, order that the arbitrator or umpire shall deliver the award to the applicant on payment into court by the applicant of the fees demanded "

What I submit is that the court should not order the parties to pay the fees demanded but the court should decide a reasonable amount which the parties are to pay to the arbitrator as his fees. I take a concrete example and show the difference. Take, for instance, an arbitrator demanding a fee of Rs 2,000 in an arbitration case. If the court orders the parties to pay this amount and if after the case is heard it is found that the party has got to pay only Rs. 1,500, then he will get a refund of Rs. 500. What I say is that the court should decide at first that the parties should pay Rs. 1,500 and not deposit Rs 2,000 in order that the difference may be refunded afterwards to the party. It makes a good deal of difference to the poor client, it is a difference of Rs 500. So, I recommend that before the court orders the parties to pay the amount demanded by the arbitrator the amount should be settled first by the court and the party asked to deposit that amount only and not the amount demanded by the arbitrator. I think I am quite clear and I hope that in this case the Leader of the House will see his way to accepting my amendment.

**Mr. President** (The Honourable Sir Abdur Rahim). Amendment moved

"That in clause 38 of the Bill for the words 'the fees demanded' occurring in the sixth line the words 'an amount which the court deems reasonable' be substituted "

**The Honourable Sir Muhammad Zafrullah Khan:** There is really very little in the amendment but if it were accepted it would introduce a fresh complication because the scheme of the clause as it is at present is that at the very ancillary stage where an award has to be put into court before any of the other questions arise on it there may be a question of fees and the court will say, "You deposit this amount and I shall decide at the end when I am in possession of all the facts what is the actual amount that ought to be paid, and if the amount asked is exorbitant you will be paid back the balance." If the amendment of my Honourable friend is accepted, the party and the arbitrator might first start with a dispute over the fees and that must first of all be settled to the extent to which at that stage it appears to the court to be a reasonable amount, and later on the court will decide what would be the proper fee for the arbitrator, and then he will have to make an order either for the whole of that amount already deposited to be paid to the arbitrator or that something more should be paid or that something should be returned. That means two enquiries on the question of fees alone and I should think that it is entirely unnecessary. It is possible that in some particular case the arbitrator may demand such an exorbitant fee that the party may be unable to pay it. In that case there the remedy is that he can institute a suit to have the matter decided rather than proceed with an arbitration.

**Mr. President** (The Honourable Sir Abdur Rahim): The question is:

"That in clause 38 of the Bill for the words 'the fees demanded' occurring in the sixth line the words 'an amount which the court deems reasonable' be substituted."

The motion was negatived

Clause 38 was added to the Bill.

**Mr. President** (The Honourable Sir Abdur Rahim): As there are no amendments to clauses 39 to 49 the Chair shall put all those clauses together.

**Mr. Lalchand Navalrai:** I have given notice of an amendment which will come under clause 49.

**Mr. President** (The Honourable Sir Abdur Rahim) When was it given?

**Mr. Lalchand Navalrai:** Just now

**Mr. President** (The Honourable Sir Abdur Rahim) Has it been circulated to all the Members?

**Some Honourable Members:** No.

**Mr. President** (The Honourable Sir Abdur Rahim): Then it cannot be moved. The question is:

"That clauses 39 to 49 stand part of the Bill."

The motion was adopted

Clauses 39 to 49 were added to the Bill.

The First, the Second, the Third and the Fourth Schedules were added to the Bill.

Clause 1 was added to the Bill.

The Title and the Preamble were added to the Bill.

**The Honourable Sir Muhammad Zafrullah Khan:** Sir, I move.

1 P M.

"That the Bill, as amended, be passed."

**Mr. President** (The Honourable Sir Abdur Rahim): The question is

"That the Bill, as amended, be passed."

The motion was adopted.

## THE REGISTRATION OF TRADE MARKS BILL.

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar** (Member for Commerce and Labour) Sir, I move:

"That the Bill to provide for the registration and more effective protection of Trade Marks, as reported by the Select Committee, be taken into consideration."

This Bill was referred to a Select Committee in the Simla Session of the House and there was ample time for all those interested to make representations to the Select Committee. In fact, some of the more vigilant Chambers, and the Mill Owners Association in particular which is specially

[Diwan Bahadur Sir A. Ramaswami Mudahar.]

concerned with cotton trade marks, have sent in some representations. The Select Committee has carefully considered them and made a few amendments in the Bill which are of a substantial nature. The original Bill provided that the validity of the registration of a trade mark would be for a period of ten years. Owing to various suggestions received from these commercial bodies, that period has been reduced to seven years, so that after a period of seven years nobody can question the validity of a trade mark which was registered. The second amendment is that more detailed and more specific powers are given to the Deputy Registrar who will be stationed at Bombay and will be in charge of the cotton trade marks section to a very large extent. That was to meet the desire of the textile interests in particular. Consultation of the Advisory Committees by the Registrar or Deputy Registrar has been made mandatory, where the question relates to the technical provisions of the Trade Marks Act with reference to the cotton trade, and finally we have suggested that a scale of costs to be awarded by the Registrar should be prescribed by the Central Government. I believe that the Bill as it has emerged from the Select Committee has still further met the views of the various commercial interests concerned. Sir, I move

**Mr. President** (The Honourable Sir Abdul Rahim) Motion moved

"That the Bill to provide for the registration and more effective protection of Trade Marks, as reported by the Select Committee, be taken into consideration."

**Mr. Muhammad Azhar Ali** (Lucknow and Fyzabad Divisions, Muhammadan Rural). As a member of the Select Committee on the Trade Marks Bill I found, there was a dispute mostly between Bombay and Calcutta. Their object was to exclude, to a great extent, all the other provinces of India and to divide the shares between themselves. It is very lucky that the Members from the other provinces stuck to their guns and the objects of the Bombayites and the Calcuttantes were not fully secured by them. I know that the Bombay commercial people do not like the idea of establishing the office of the Registrar in Calcutta but the Calcutta people tried their level best to keep the office there. Now, it has remained in Calcutta after all. The Delhi commercial people want the Registrar's office to come to Delhi but, unfortunately, the case of Delhi was not pressed very well and Calcutta won. The Bombay people wanted everything for themselves. I find there are still some objections from the Bombay people but the Report of the Select Committee is well suited to all parts of India. The Bill has been modified to the extent that is necessary. The minutes of dissent are not serious at all. The Bill is one which concerns people in commercial towns like Bombay, Calcutta and Karachi and to a certain extent my own Cawnpore where the trade is also flourishing. This Act is an improvement on the old one and I hope that much time of the House will not be taken on the amendments from the European Group. With these words I support the motion.

**Mr. President** (The Honourable Sir Abdul Rahim). The question is:

"That the Bill to provide for the registration and more effective protection of Trade Marks, as reported by the Select Committee, be taken into consideration."

The motion was adopted.

**Mr. President** (The Honourable Sir Abdur Rahim): The Chair finds that there are no amendments from clause 2 to clause 21.

**Mr. J. D. Boyle** (Bombay. European): We are not moving our amendment about the new clause after clause 21.

**Mr. President** (The Honourable Sir Abdur Rahim): The question is:

"That all the clauses from clause 2 to clause 37 stand part of the Bill"

The motion was adopted.

Clauses 2 to 37 were added to the Bill

**Mr. M. S. Aney** (Berar Non-Muhammadan). May I know what is the procedure if any Member wanted to oppose any particular clause?

**Mr. President** (The Honourable Sir Abdur Rahim) The Chair made it clear the other day that it was open to any Member to discuss or oppose any of the clauses

**Mr. M. S. Aney**: I just wanted to know the procedure in a case like that

**Mr. President** (The Honourable Sir Abdur Rahim) The Chair is not ordinarily in the habit of putting so many clauses together and it was made clear that if any Honourable Member wished to discuss any clause on the floor of the House, he might do so

The question is

"That clause 38 stand part of the Bill"

**Mr. C. C. Miller** (Bengal European) Sir, I move

"That in sub-clause (1) of clause 38 of the Bill after the word 'any' occurring in the first line the words 'name or' be inserted"

Sir, I must ask the forbearance of the House for a few minutes while I endeavour to explain this principle of defensive trade marks in relation to the amendment which I propose and to which we attach some importance. Turning first to the question of defensive trade marks, I would like to draw the attention of Honourable Members to the opening line of clause 38 *viz*, "where a trade mark consisting of any invented word has become so well-known". That is the most important point of the defensive trade mark system, *viz*, that, in order to be qualified for a defensive trade mark, the mark in question must have attained a considerable degree of popularity and publicity and indeed it must have attained something of the standard of what one might call a "household word"; otherwise it is not eligible at all, and, of course, the Registrar is the judge as to the eligibility of the trade mark or not,—that is to say, the standard of popularity and publicity which it has attained. Well, if the Registrar considers that it has attained that degree of popularity, and it is so well-known that it is entitled to be classed as a defensive trade mark, then the owner of that trade mark is permitted to take out his defensive mark, that is to say to include in his trade mark goods of the same class as those which he is manufacturing but which he is not actually manufacturing. The stock-example given by Mr. Nehru in his draft report is "Johnnie Walker", a well-known brand of whisky. Johnnie Walker, for instance,

[Mr. C. C. Miller.]

might apply for a defensive trade mark, on let us say beer and ale. He it not brewing beer but if some other person were so to speak to jump his trade mark or to imitate him closely, the impression would be conveyed to the public that ale of the standard of Johnnie Walker and manufactured by that well-known firm was being supplied. Therefore, this seeks to afford protection to the public even more than protection to the manufacturer, that is, in order to save the public from being imposed upon by getting the impression that the goods are manufactured by a well-known manufacturer when in fact they are not so. It is quite a modern development in trade mark legislation and the total effect of our amendment is this, that we wish the principle to be extended from invented words to any name, because, there are many well-known manufacturers who do not use invented words but who use their own proper names. Let us take "Liptons". "Lipton" is not an invented word but Johnnie Walker being an inventive word, they can take out a defensive trade mark on ale and beer, while Lipton, is a proper name only. Why should they not be able to take out a defensive trade mark on let us say coffee, the whole principle being to save the public from imposition? Sir, we do attach some importance to this principle and we have so far failed to get it. But, I know the answer generally is, "no, it is a very debatable point but a Committee which sat and discussed the whole subject prior to the recent legislation in Great Britain finally decided against the inclusion of names with inventive words and that the principle of defensive trade marks should be limited to invented words". That is perfectly true and I am quite prepared to admit that the report of the Goschen Committee is a very valuable basis from which to start legislation of this sort which is new to India. But at the same time I would suggest that a little imagination might be employed on the subject, one might say, "well, would they have come to the same conclusion if they had been dealing with India?" They were dealing with the United Kingdom and the fact does remain that in Great Britain you have a much more informed public and a public which is much less easily imposed upon, and, therefore, I say, that, while it may be possible for good reasons not to include names so far as Great Britain is concerned, I do not suppose the same reasons exist in India and I say the time may come here when manufacturers in this country who might not adopt an inventive word but who preferred to use their own names might find this defensive trade mark principle of great use. Therefore, we should not be too narrow in our view, at the outset. The second objection . . . .

**Mr. President** (The Honourable Sir Abdur Rahim) I think the Honourable Member had better continue his speech after Lunch.

The Assembly then adjourned for Lunch till Half Past Two of the Clock.

The Assembly re-assembled after Lunch at Half Past Two of the Clock, Mr. Deputy President (Mr. Akhil Chandra Datta) in the Chair.

**Mr. C. C. Miller:** Sir, when the House adjourned I was referring to possible objections which might be raised to this amendment which I have

moved and I hope that the question of the Goschen Committee and their findings will not obtain undue prominence because it does seem to us that in this matter the Government of India might reach out and go beyond the findings of that Committee. There is, however, one objection which I think I may anticipate and it seems to me more practical. I have been told that if a defensive trade mark is permitted in the case of names as well as of invented words real hardship might arise because while the scope for invented words is more or less unlimited, that is not the case with names. Certain names are very common: that is to say, the name of Smith, a defensive trade mark may be taken out of the name of Smith, which would stop any other person of the same name who genuinely wished to manufacture goods from manufacturing. That objection actually does not obtain because of section 26 of this Bill in which it states that no registration of a trade mark shall interfere with any *bona fide* use of a person of his own name. So I hope that objection will not be quoted against me and I further hope that if this amendment is not acceptable to Government, at least, definite and cogent reasons will be given for its non-acceptance because to us it seems a very salutary measure. Sir, I

**Mr. Deputy President** (Mr. Akhil Chandra Datta) Amendment moved

"That in sub clause (1) of clause 38 of the Bill after the word 'any' occurring in the first line the words 'name or' be inserted"

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:**

Mr. Deputy President, this amendment was discussed at great length in the Select Committee and I tried to advance what I considered cogent reasons which satisfied most of the members of the Select Committee, so that the amendment was not adopted at that stage. I do not know how much more successful I shall be today in this House than I was at the Select Committee stage, but I shall try my best.

There has been a great deal of talk recently in this House about the slavish imitation of English statutes. But I must put this reluctance on my part to include the words named, not to any desire to slavishly imitate the English precedent, but to objections which I feel are quite serious, and which would detract considerably from a privilege which those who want to use trade marks have a right to expect and to enjoy. The Honourable the Mover has explained what is a defensive trade mark. I do not propose to amplify that explanation, but, I should like to state very shortly to the Members of this House what this defensive trade mark is. A trade mark can be registered normally if it is used in connection with any specific goods or if it is proposed to be used in connection with any specific goods which the proprietor of the trade mark wants to deal in. That is the general principle on which trade marks are registered. Now, for the first time somebody complained in England that there might be a case for a wider use of these trade marks. So far, the use of the trade mark and the bringing into existence of the goods with which the trade mark deals were inextricably connected. People suggested that a little latitude might be given and the proprietor may register that trade mark in reference to goods which he may not bring into existence but which possibly at some later stage he might bring into existence. The Goschen Committee examined this question very carefully and they felt that a case

[Diwan Bahadur Sir A. Ramaswami Mudaliar.]

was made out for some sort of relaxation; but they were obviously aware of the dangers to which this relaxation may lead, if it was not circumscribed within certain limits. The limit that they suggested was that this defensive trade mark should only be used with reference to invented words. Suppose a well-known name is taken. The names are so common both in England and in this country that it would be a hardship on a great many people if one name were taken and appropriated not merely with reference to one particular class of goods in regard to which that name has been used and has got a market established, but with reference to any kind of goods that may be brought into existence in any future time. Suppose, for instance, the name of a well-known Indian leader has been taken up with reference to some kind of goods and has been used for some years and the proprietor comes now before the Registrar, when this machinery is set in operation, and wants that name to be registered, he will be entitled to do so. But supposing in addition to that, with reference to some twenty other goods which may have no relation at all to these special goods which have been used in this country the same name is to be established, then there are two kinds of objections that I feel. One is that others who may have the same name cannot use it, the second is that that name of a well-known leader cannot be appropriated by any other person, and thirdly, from the consumers' point of view also it would mean that that name will be exploited for all kinds of other goods. It is well-known that in India a manufacturer often uses as his trade mark the names of well-known prominent Indians. Further, photographs are very often used, though we are not concerned with photographs in this matter. It seems to me from the consumers' point of view, it would not be fair to have that kind of exploitation made with reference to articles which have not been in the market and which might come into existence later. My Honourable friend quoted the case of Lipton. Lipton's tea is well-known, and he said that consumers would be misled if anybody else were to use Lipton's coffee. Take that very case. Supposing Lipton were to use that name with reference to his own coffee from the consumers' point of view it may be that coffee having that trade mark is very bad, there is no guarantee that just because a well-known name has been used with reference to a particular brand of article, therefore, that name associated with any other commodity guarantees the same amount of excellence. Johnnie Walker's particular stuff may be very good but his ale may not be touched by my Honourable friend, much less by myself. Therefore, if we are thinking of the consumers' point of view, the argument cuts both ways. Sir, I oppose the amendment.

**Mr. Deputy President** (Mr. Akhil Chandra Datta). The question is

"That in sub-clause (7) of clause 38 of the Bill after the word 'any' occurring in the first line the words 'name or' be inserted."

The motion was negatived.

**Mr. Deputy President** (Mr. Akhil Chandra Datta). The question is

"That clause 38 stand part of the Bill."

The motion was adopted.



Clause 38 was added to the Bill.

Clauses 39 to 62 were added to the Bill.

**Mr. Deputy President** (Mr. Akhil Chandra Datta). Clause 63.

**Mr. J. D. Boyle:** Sir, I beg to move.

"That in sub-clause (1) of clause 63 of the Bill all the words occurring after the words 'Deputy Registrar' be omitted."

The words concerned were words put in by the Select Committee and they were designed to increase the statutory position of the Deputy Registrar who will be situated in Bombay. This amendment, which is consequential to the main amendment which I shall move under clause 65, is designed to give slightly greater powers still to the Deputy Registrar. Sir, I move

**Mr. Deputy President** (Mr. Akhil Chandra Datta) Amendment moved

"That in sub-clause (1) of clause 63 of the Bill all the words occurring after the words 'Deputy Registrar' be omitted."

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** The desire of the Select Committee was that the Deputy Registrar who will be in charge of the cotton trade marks should have much greater powers than was proposed in the original Bill. The Honourable Member's amendment seeks to carry out that object and I accept it.

**Mr. Deputy President** (Mr. Akhil Chandra Datta). The question is

"That in sub-clause (1) of clause 63 of the Bill all the words occurring after the words 'Deputy Registrar' be omitted."

The motion was adopted

**Mr. Deputy President** (Mr. Akhil Chandra Datta). The question is:

"That clause 63, as amended, stand part of the Bill."

The motion was adopted.

Clause 63, as amended, was added to the Bill.

Clause 64 was added to the Bill.

**Mr. Deputy President** (Mr. Akhil Chandra Datta). Clause 65

**Mr. J. D. Boyle:** Sir, I move:

"That clause 65 of the Bill be re-numbered as sub-clause (1) of clause 65 and to the clause as so re-numbered the following new sub-clause be added:

(2) In respect of all trade marks, applications for registration of which are duly made to the Deputy Registrar under this chapter, the Deputy Registrar shall exercise all the powers of the Registrar under this Act but shall be subject to the general superintendence of the Registrar."

This is the main clause, the consequential amendment to which we have already passed under clause 63. Sir, I move.

**Mr. Deputy President** (Mr. Akhil Chandra Datta): Amendment moved:

"That clause 65 of the Bill be re-numbered as sub-clause (1) of clause 65 and to the clause as so re-numbered the following new sub-clause be added:

'(2) In respect of all trade marks, applications for registration of which are duly made to the Deputy Registrar under this chapter, the Deputy Registrar shall exercise all the powers of the Registrar under this Act but shall be subject to the general superintendence of the Registrar'."

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** Sir, I accept the amendment

**Mr. Deputy President** (Mr. Akhil Chandra Datta): The question is:

"That clause 65 of the Bill be re-numbered as sub-clause (1) of clause 65 and to the clause as so re-numbered the following new sub-clause be added

'(2) In respect of all trade marks, applications for registration of which are duly made to the Deputy Registrar under this chapter, the Deputy Registrar shall exercise all the powers of the Registrar under this Act but shall be subject to the general superintendence of the Registrar' "

The motion was adopted.

**Mr. Deputy President** (Mr. Akhil Chandra Datta): The question is:

"That clause 65, as amended, stand part of the Bill "

The motion was adopted.

Clause 65, as amended, was added to the Bill.

Clauses 66 to 75, were added to the Bill.

**Mr. Deputy President** (Mr. Akhil Chandra Datta): Clause 76

**Mr. J. D. Boyle:** Sir, I move:

'That in sub-clause (1) of clause 76 of the Bill after the word 'Registrar' the words 'or Deputy Registrar' be inserted."

This is consequential.

**Mr. Deputy President** (Mr. Akhil Chandra Datta): Amendment moved:

"That in sub-clause (1) of clause 76 of the Bill after the word 'Registrar' the words 'or Deputy Registrar' be inserted."

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** I accept the amendment.

**Mr. Deputy President** (Mr. Akhil Chandra Datta): The question is:

"That in sub-clause (1) of clause 76 of the Bill after the word 'Registrar' the words 'or Deputy Registrar' be inserted."

The motion was adopted.

**Mr. Deputy President** (Mr. Akhil Chandra Datta): The question is:

"That clause 76, as amended, stand part of the Bill."

The motion was adopted.

Clause 76, as amended, was added to the Bill.

Clauses 77 to 82 were added to the Bill.

**Mr. Deputy President (Mr. Akhil Chandra Datta):** Clause 83.

**Mr. T. S. Pillay** (Government of India: Nominated Official): Sir, I move:

"That for clause 83 of the Bill the following be substituted:

'83. If at any time after the expiry of six months from the commencement of this section it is made to appear to the Central Government that any Government outside British India has made satisfactory provision for the protection within its territories of trade marks in respect of which an application for registration has been made in British India, the Central Government may, by notification in the official Gazette, make provision with regard to trade marks in respect of which an application for registration has been made within the territories of that Government to enable any person who has applied within such territories for registration of a trade mark or his legal representative or assignee to obtain registration of the trade mark in British India under this Act on his making an application for registration in British India within such period as may be fixed in this behalf by the notification as if an application for registration under this Act had been made in respect of that trade mark at the date at which the application for registration was made within the territories of that Government' "

The purpose of this amendment is to make clear the intention of Government with regard to the provision required to enable India to become a party to the International Convention for the protection of industrial property. One condition required for this is that there should be provision in the Indian Statute relating to trade marks allowing reasonable time—six months in the case of trade marks—for a person who applies for the registration of a trade mark in a country to make arrangements, if he so desires, for the same trade mark to be registered in any other country so that his claims may not be adversely affected by a rival applying for the registration of the same trade mark earlier than he. The effect of the proposed provision is to enable the registering authority to consider the primary applicant for the trade mark as the one entitled to have his claims considered before that of another who may have applied not earlier than six months before he did. Such a provision is necessary to enable India to become a member of the Union of countries that have entered into a convention for the protection of industrial property. As there was some ambiguity about the exact import of the clause as it stood; I have the honour to commend the amendment I have moved for the acceptance of the House.

**Mr. Deputy President (Mr. Akhil Chandra Datta):** Amendment moved.

"That for clause 83 of the Bill the following be substituted

'83. If at any time after the expiry of six months from the commencement of this section it is made to appear to the Central Government that any Government outside British India has made satisfactory provision for the protection within its territories of trade marks in respect of which an application for registration has been made in British India, the Central Government may, by notification in the official Gazette, make provision with regard to trade marks in respect of which an application for registration has been made within the territories of that Government to enable any person who has applied within such territories for registration of a trade mark or his legal representative or assignee to obtain registration of the trade mark in British India under this Act on his making an application for registration in British India within such period as may be fixed in this behalf by the notification as if an application for registration under this Act had been made in respect of that trade mark at the date at which the application for registration was made within the territories of that Government'."

**Mr. M. S. Aney:** What is the provision of the Convention to which you are referring?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** The International Convention for the protection of industrial property requires every country who wants to enter into that Convention to observe one rule. If in Canada an application is made by a person possessing a trade mark to have that trade mark registered on the first of January, 1940, and that person goes over to India and puts a similar application here at any time before the 1st July, 1940, supposing on the 1st of June, 1940, and if a second person in Canada hurries up on the 1st March, 1940, and has put in an application before the Registrar in India, the second person will not have a prior right, because the application of the first person is dated back to the day on which he applied in Canada. There have been persons who have been trying to steal a march over their rivals by going to a new country and rushing off with a trade mark application the moment they come to find out that in the original country such trade mark application has been made. This provision of six months protects the rights of the original applicant who is the legitimate user of the trade mark so that he cannot be anticipated in foreign countries, the world being very large and we cannot take simultaneously applications for trade marks in all the Convention countries. This is a convention which has been agreed to by almost all the civilised countries of the world and we are bringing this particular section in in a more clarified form, so that when India accedes to the Convention it may be treated on a reciprocal basis by all other countries who are parties to the Convention.

**Mr. Deputy President (Mr. Akhil Chandra Datta):** The question is—

‘That for clause 83 of the Bill the following be substituted

‘83 It at any time after the expiry of six months from the commencement of this section it is made to appear to the Central Government that any Government outside British India has made satisfactory provision for the protection within its territories of trade marks in respect of which an application for registration has been made in British India, the Central Government may, by notification in the official Gazette, make provision with regard to trade marks in respect of which an application for registration has been made within the territories of that Government to enable any person who has applied within such territories for registration of a trade mark or his legal representative or assignee to obtain registration of the trade mark in British India under this Act on his making an application for registration in British India within such period as may be fixed in this behalf by the notification as if an application for registration under this Act had been made in respect of that trade mark at the date at which the application for registration was made within the territories of that Government’ ”

The motion was adopted.

**Mr. Deputy President (Mr. Akhil Chandra Datta):** The question is—

“That clause 83, as amended, stand part of the Bill ”

The motion was adopted.

Clause 83, as amended was added to the Bill

Clauses 84 and 85 were added to the Bill.

Clause 1 was added to the Bill.

The Title and the Preamble were added to the Bill.

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** Sir,  
I move:

"That the Bill, as amended, be passed "

**Mr. Deputy President** (Mr Akhil Chandra Datta): The question is:

"That the Bill, as amended, be passed."

The motion was adopted.

The Assembly then adjourned till Eleven of the Clock on Friday, the 16th February, 1940.



# LEGISLATIVE ASSEMBLY.

*Friday, 16th February, 1940.*

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. President (The Honourable Sir Abdur Rahim) in the Chair.

## STARRED QUESTIONS AND ANSWERS.

### (a) ORAL ANSWERS.

#### ABSENCE OF SIKHS IN THE OFFICE OF THE IMPERIAL RECORD DEPARTMENT.

**110. \*Sardar Sant Singh:** (a) Will the Secretary for Education, Health and Lands be pleased to state the existing permanent strength of the office of the Imperial Record Department? How many of these posts are held by Hindus, Muslims, Sikhs and members of other minority communities, respectively?

(b) Is it a fact that no Sikh has been employed in that office ever since its creation, about 40 years ago?

(c) Is it a fact that, in spite of the total absence of a Sikh and the inadequate representation of the minority communities other than Muslims, only Hindu and Muslim candidates have been selected to fill up future vacancies?

(d) If so, what steps do Government propose to take to remove this grievance of the Sikh community?

**Sir Girja Shankar Bajpai:** (a) The existing permanent strength of the Office of the Imperial Record Department is 29 of whom 21 are Hindus, seven Muslims and one Anglo-Indian.

(b) and (c) No.

(d) The Honourable Member probably does not realise that this office was transferred to Delhi only in 1937 and that, while it was located in Calcutta, there was not much inducement for people from Western Provinces to seek employment in it. Government propose to consider the claims of Sikhs to future vacancies in accordance with the declared policy regarding the representation of minorities in appointments under their control

**Mr. Lalchand Navalrai:** May I ask if the Sikhs of the Punjab deserve any special consideration?

**Sir Girja Shankar Bajpai:** Such consideration as they deserved was given to them by Government when the Communiqué of 1934 was promulgated.

**Dr. Sir Ziauddin Ahmad:** Is it not a fact that the Sikhs are given special consideration in the construction of buildings in New Delhi and also in war services?

**Sir Girja Shankar Bajpai:** I do not think that comes in the category of Government service.

**Sardar Sant Singh:** May I ask if there was any recruitment since 1937 in this office?

**Sir Girja Shankar Bajpai:** Yes, Sir I gather that something like 34 temporary vacancies have occurred and been filled since 1937, and of these four have gone to Sikhs.

#### DIFFICULTIES OF INDIANS IN SOUTH AFRICA.

**111. \*Mr. Lalchand Navalrai:** Will the Secretary for Education, Health and Lands be pleased to state if the difficulties to the Indians urged by the Indians in South Africa for which they passed resolutions have been removed? Will the Honourable Member make a full statement on this subject and state if the South African Government have given any reforms to the Indians there? If so, which?

**Sir Girja Shankar Bajpai:** If the Honourable Member will kindly specify the resolutions or the difficulties which he has in mind, I shall endeavour to furnish him with an answer.

**Mr. Lalchand Navalrai:** Is the Honourable Member aware that these difficulties have been debated many times in this House with regard to education, the getting of land on the hills and so many other difficulties about which the Honourable Member knows more than I do It is with regard to them that I have sent this question

**Sir Girja Shankar Bajpai:** If they were debated many times in the House, the answer was also given many times in the House

**Mr. Lalchand Navalrai:** I want to know now and I have put a specific question They have passed resolutions . . .

**Mr. President** (The Honourable Sir Abdur Rahim): We cannot have a debate now

**Mr. Lalchand Navalrai:** Has the Honourable Member received any resolutions?

**Sir Girja Shankar Bajpai:** I have received no resolutions recently.

**Mr. Lalchand Navalrai:** When did the Honourable Member get them?

**Sir Girja Shankar Bajpai:** I will have to have notice of that.

#### RISE IN THE PRICE OF PETROL.

**112. \*Sardar Sant Singh:** (a) Will the Honourable the Commerce Member please state whether it is proposed to control the price of petrol in India? If so, when and on what basis?

(b) Is it a fact that the price of petrol has been considerably raised during the past four months?



**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** (a) Formal control is not contemplated, but the oil companies have decided upon their price policy in consultation with the Government.

(b) Yes.

**Sardar Sant Singh:** May I know if there is a combine of all the petrol dealers in India to fix up the prices and what control do the Government possess to wind up this combination?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** There is an understanding between the several Companies but, as I have already stated, the price has been fixed in consultation with the Government.

**Dr. Sir Ziauddin Ahmad:** May I ask whether the Government have taken the responsibility on themselves for the prices which the consumers pay for petrol?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** I do not know about that, but the price which is charged by the companies at the main installation port is fixed in consultation with the Government and to that extent Government are responsible.

**Dr. Sir Ziauddin Ahmad:** Will the Government ask all the petrol dealers to indicate on their notice boards the amount which they have to pay for each gallon of petrol to the Government for revenue, sale tax and various other items so that the public may know definitely for themselves how much goes to the companies?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** I understand that so far as the sub-agents of oil companies are concerned, a tariff is put on the notice board at the agency station. So far as the retail dealers are concerned, that is a matter which Provincial Governments have to arrange.

**Dr. Sir Ziauddin Ahmad:** When the Government gave their consent to the prices of the petrol which the companies are now charging, may I ask what percentage of profit did they allow to the companies for the sale of petrol?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** That is impossible to disclose, but the Government have satisfied themselves that the prices now charged are reasonable prices.

**Dr. Sir Ziauddin Ahmad:** And the profits are also reasonable?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** If the Honourable Member is referring to any increase in petrol prices that have occurred, I may explain the basis on which the Government came to the conclusion that the price now charged should be charged. The Honourable Member will realise that a good portion of the oil is imported from abroad, from countries which are on the dollar exchange, and owing to the rise of the dollar exchange, the price in terms of rupees of that imported quantity has gone up. It was a choice between doing without that supply,

which was very considerable and therefore causing considerable inconvenience to this country, or giving them the price on the basis of the dollar exchange. That has been taken into consideration in fixing the prices now.

**Dr. Sir Ziauddin Ahmad:** That is not a reply to my question. What I want to know is . . . . .

**Mr. President** (The Honourable Sir Abdur Rahim). The Honourable Member cannot have a debate. Next question.

#### QUOTA FIXED FOR PILGRIMS TO HEDJAZ.

**113. \*Dr. Sir Ziauddin Ahmad:** (a) Will the Education Secretary please state if it is a fact that the Government of India fixed the quota of the pilgrims to Hedjaz booked by the Scindia and Turner Morrison Companies?

(b) What was the quota fixed for each company?

(c) What were the grounds for such fixation?

**Sir Girja Shankar Bajpai:** (a), (b) and (c) The attention of the Honourable Member is invited to the communiqué, dated the 9th November, 1939, a copy of which I place on the table of the House now. As the shipping companies were unable to arrive at an agreement as to the proportion of traffic to be carried by each, Government decided that, if both the companies participated in the trade during the current season, the Mogul Line would carry, on the basis of pilgrim capacity, 75 per cent., and the Haj Line 25 per cent. As the Scindia Company did not participate in the trade, there was no actual allocation of traffic between the two companies.

#### GOVERNMENT OF INDIA.

##### COMMUNIQUE

*New Delhi, November 9, 1939.*

In a communication to the Press the Scindia Steam Navigation Company, Limited, have announced that, in view of the Government of India's decision on the allotment of pilgrim passenger traffic during the present season between the Haj Line and the Mogul Line, they have decided to suspend their sailings to the Hedjaz during the present season. The Government of India desire to make public the facts which influenced the decision taken by them. At the outbreak of war it seemed doubtful whether any ships would be available for pilgrim traffic at all. The Government of India could not, however, accept such a position and succeeded in making special arrangements for a limited number of ships to be available. It became clear, however, that regulation of pilgrim ship sailings was essential not only to ensure the most economical use possible of the shipping available but also to ensure that sufficient ships should be available to carry all those desiring to make the pilgrimage. The Government of India, therefore, decided to intervene and consulted the two shipping companies engaged in the trade both on the share of the allotment of traffic between the companies and on the rates to be charged. The Scindia Steam Navigation Company advanced the claim for a fifty per cent. share of the traffic but were prepared to agree to alternate sailings. They also proposed an increase in rates of 25 per cent. above last year's maximum rates. The Mogul Line, while not admitting the claim of the Scindia Company to any fixed share of the traffic, agreed that Government should make an allocation. They also expressed their willingness to carry pilgrims with no increase above the maximum rates fixed last year. The Government of India made it clear that any

decision they might make this year would have no effect upon the conflicting claims of the companies in peace time. The main consideration which induced them to intervene being the imperative necessity for the utmost economy in the use of shipping space they decided that the obvious basis for allocation of the traffic between the two competing companies was the carrying capacity of the ships belonging to each which have in recent years been engaged in the pilgrim trade. They recognised that there would be difficulty in adhering to the exact ratio between the two fleets when arranging sailings and the allocation which they decided on, namely, 75 per cent. to the Mogul Line and 25 per cent. to the Haj Line, was the nearest convenient ratio. It was in fact slightly more favourable to the Scindia Steam Navigation Company than an allotment based strictly on carrying capacity. The Government of India were also unable to agree to the Scindia Steam Navigation Company's proposals involving an increase in fares to Rs. 215 return from Karachi, when the Mogul Line were prepared and able to carry all pilgrims at the maximum fares of last season, that is, Rs 167 return from Karachi. The Mogul Line accepted the Government of India's decision. The Scindia Company were unwilling to do so and have suspended their pilgrim sailings for this season.

For the reason which compelled the Government of India to regulate the traffic this year, namely the shortage of shipping for the maintenance of vital transport facilities, they have also been compelled to suspend sailings from Calcutta for this season. The Haj season coincides with the peak period of railway goods traffic. Normally shipping is available to afford the necessary relief but in present circumstances the Government of India cannot contemplate the uneconomical use of space which the extended voyage from Calcutta would necessitate.

**Mr. Lalchand Navalrai:** May I ask whether the Scindia Company has been carrying passengers for the Haj now or not?

**Sir Girja Shankar Bajpai:** I have already said they did not participate in the trade, from which it follows that they did not book passages this year.

**Dr. Sir Ziauddin Ahmad:** Did the Scindia Company give the Government of India the reason for their withdrawal from this trade?

**Sir Girja Shankar Bajpai:** They were not satisfied with the proposed allocation.

#### PROPOSAL TO CLOSE THE CALCUTTA PORT FOR HAJ PILGRIMS.

**114. \*Dr. Sir Ziauddin Ahmad:** (a) Will the Education Secretary please state whether Government are contemplating to close the port of Calcutta for Haj pilgrims which has been continuously pressed by the Turner Morrison Company?

(b) Is it not a fact that Turner Morrison Company refused to take Bengal pilgrims from Calcutta under the excuse that they were exporting rice which according to their statement was badly needed?

(c) Did Government read the notification of the Government of Hedjaz that they were not short of food supplies, and the import of food was not an emergent problem?

**Sir Girja Shankar Bajpai:** (a) No. The attention of the Honourable Member is invited to the press communiqué, dated the 9th November, 1939, and 9th December, 1939, in which it was announced that Government had been compelled to suspend sailings of pilgrim ships from Calcutta during the current pilgrimage season owing to the necessity for

the most economical use of the shipping available but that the possibility of arranging for sailings from Calcutta during the next season would be examined in the light of the position then obtaining.

(b) No The Honourable Member is presumably referring to the S.S. "Rahmani" which sailed from Calcutta for Jeddah with a cargo of rice about the 15th December, 1939. The Government of India decided that, in the interests of pilgrims going to the Hedjaz, it was undesirable to interfere with the shipment of rice ordered by importers in Jeddah for supply to pilgrims and that the shipping company should not be asked to take pilgrims on the ship.

(c) After the Government's decision had been taken, certain statements, purporting to come from Jeddah, appeared in the press to the effect that there were ample food stocks in the Hedjaz but Government are not aware of any notification issued by the Saudi-Arabian Government on the subject.

**Dr. Sir Ziauddin Ahmad:** May I know, Sir, whether the prohibition of taking passengers by S.S. "Rahmani" was made by the Government of India or by the shipping company?

**Sir Girja Shankar Bajpai:** No, Sir; the Government explored in consultation with the shipping company the possibility of using the "Rahmani" for carrying pilgrims, and then it was brought to their notice that pilgrims could only be taken on the ship if the cargo were discarded, Government felt that it would not be in the best interests of a great majority of the pilgrims going for Haj to interfere with the shipment of rice.

**Dr. Sir Ziauddin Ahmad:** Is it not a fact, Sir, that the shipping company was willing to take passengers if permitted by the Government of India?

**Sir Girja Shankar Bajpai:** No, Sir, that is not a fact.

**Seth Haji Sir Abdoola Haroon:** Is it not a fact that the company made arrangements in Calcutta to bring the Bengali Hajis by a special train and gave them all sorts of facilities to travel by special train from Calcutta to Bombay?

**Sir Girja Shankar Bajpai:** That is so. When it was decided that the ship would not sail direct from Calcutta, the facilities to which my friend has referred were offered to the pilgrims in order to mitigate the loss of direct transport facilities.

**Dr. Sir Ziauddin Ahmad:** May I know who paid for the expenses of this special train? Did the company pay the expenses or the passengers?

**Sir Girja Shankar Bajpai:** The pilgrims paid only the ordinary fare. I do not know whether any additional amount had to be paid for the special train.

#### OPENING OF A DEGREE COLLEGE IN BALUCHISTAN.

115. **\*Dr. Sir Ziauddin Ahmad:** (a) Will the Education Secretary please state whether Government are contemplating to open a Degree College in Baluchistan?

(b) Have they provided any sum for this purpose in the budget of 1940-41?

**Sir Girja Shankar Bajpai:** (a) No. Government, however, propose to establish at Quetta a higher secondary school which will include intermediate classes.

(b) Government propose to provide Rs. 75,000 in 1940-41 as the first instalment towards the cost of the construction of the building of the higher secondary school.

**Mr. Lalchand Navalrai:** May I know, Sir, in view of the fact that Baluchistan has made great progress, whether Government still consider it to be so backward as not to give them a college?

**Sir Girja Shankar Bajpai:** I have not said that we are not giving them a college.

**Mr. Lalchand Navalrai:** Why is it that a college is not given to them?

**Sir Girja Shankar Bajpai:** Because the degree of progress made by Baluchistan justifies only an intermediate college.

#### PROSECUTIONS UNDER THE DEFENCE OF INDIA ORDINANCE AND ACT.

**116. \*Sardar Sant Singh:** Will the Honourable the Leader of the House be pleased to state the number of prosecutions started under the Defence of India Ordinance and the Act in the various Provinces of India and the result of each prosecution?

**The Honourable Sir Muhammad Zafrullah Khan:** A statement showing the number of prosecutions instituted by the Central Government or its officers and in the Chief Commissioners' Provinces and their result is laid on the table.

The Government of India have no information as regards prosecutions by, or on behalf of, Provincial Governments.

*Statement showing the number of prosecutions instituted by the Central Government or its officers and in the Chief Commissioners' Provinces and their result.*

Controller of Enemy Trading who is subordinate to Commerce Department.	One Prosecution, which is <i>sub judice</i> .
Chief Commissioner, Ajmer-Merwara. . . . .	One prosecution, which is <i>sub judice</i> .
Chief Commissioner, Baluchistan. . . . .	One prosecution, which is <i>sub judice</i> .
Chief Commissioner, Delhi. . . . .	Seven Prosecutions. Three have resulted in conviction, one in acquittal, and two are <i>sub judice</i> . The accused in the seventh case is absconding.

**Sardar Sant Singh:** May I know, Sir, whether it is not the concern of the Central Government to find out what steps the Provincial Governments are taking in the matter of administration of the Defence of India Act?

**The Honourable Sir Muhammad Zafrullah Khan:** That is a very large question. What the answer means is that the administration of the Act, so far as the provinces are concerned, is the concern of the Provincial Governments.

**Sardar Sant Singh:** I think the Defence of India Act delegated powers to the Provincial Governments, but is it not the concern of the Central Government to find out whether the Defence of India Act is being properly worked by the provinces or not?

**The Honourable Sir Muhammad Zafrullah Khan:** Nothing has come to the notice of the Government of India to show that this Act has not been properly worked, and in any case it was regarded as a safeguard to invest the provinces with powers.

**Sardar Sant Singh:** May I know if it is not a fact that the Punjab Government is using the Defence of India Act ruthlessly to put down political workers?

**The Honourable Sir Muhammad Zafrullah Khan:** I have no reason to think so.

**Sardar Sant Singh:** Will the Government inquire into the matter?

**The Honourable Sir Muhammad Zafrullah Khan:** I don't think the Honourable Member has any business to make any allegation of that kind.

**Sardar Sant Singh:** Is it not the business of this House to find out whether the powers given to Provincial Governments by the Central Legislature are being exercised with due consideration according to the legal provisions of that Statute?

**The Honourable Sir Muhammad Zafrullah Khan:** Yes, but what I protested against was the kind of allegation that the Honourable Member made.

**Sardar Sant Singh:** Will the Honourable Member make inquiries into the truth of these allegations?

**Mr. President** (The Honourable Sir Abdur Rahim): Next question.

**Sardar Sant Singh:** On a point of order, Sir. The Defence of India Act was passed by this Legislature, and powers were given to the Provincial Governments to carry out its provisions. Certain assurances were given to this House when the Act was passed in this House. Is it or is it not the function of the Honourable Members of the Government of India to give information to this House as to how that Act is being worked in the provinces?

**Mr. President** (The Honourable Sir Abdur Rahim): That is not a point of order in the ordinary sense. It depends upon the wording of the Statute whether power of supervision and control over the administration of the Act by the Provinces is reserved directly or by implication. That alone can solve the question that has been put.

#### PRESERVATION OF THE TAJ MAHAL.

117. **\*Dr. Sir Ziauddin Ahmad:** (a) Will the Secretary for Education, Health and Lands be pleased to state what action have the Government of India taken to find out whether decay has set in the dome of the Taj, as reported by American tourists?

(b) Was the Taj examined by any officer of the Central Public Works Department?

(c) What is the report of the Central Public Works Department on the general condition of the Taj?

(d) What steps do Government propose to take for the preservation of the Taj?

**Sir Girja Shankar Bajpai:** (a) and (b) A preliminary examination has been made by officers of the Archæological Department and of the Central Public Works Department.

(c) The Central Public Works Department advised that a close examination of the dome of the Taj Mahal should be carried out in order to ascertain what measures are necessary for the preservation of the dome.

(d) In order to enable a detailed examination of the dome to be made, the necessary scaffolding will shortly be erected. Honourable Member may rest assured that Government will take such measures as the examination shows to be necessary.

**Mr. Lalchand Navalrai:** May I know, Sir, if the Taj is a protected monument and if repairs to it are being carried out from time to time or those repairs have been taken in hand only after it has been pointed out that the Taj is in danger?

**Sir Girja Shankar Bajpai:** I am surprised that my friend should ask such a question as whether the Taj has or has not been a protected monument.

**Mr. Lalchand Navalrai:** I am asking whether the repairs are carried out annually or they have just been taken in hand only after it was pointed out to Government that the Taj is in danger?

**Sir Girja Shankar Bajpai:** Of course, repairs are annually carried out.

**Dr. Sir Ziauddin Ahmad:** Will the Honourable the Education Secretary verify the fact or give me the information if he has it handy whether it is not a fact that out of the Rs. 100 provided for the upkeep of Taj, Rs. 80 go towards the upkeep of the gardener, 12 per cent. goes for the pay of chowkidars and guards, and only 8 per cent. of the money provided for the upkeep of the Taj is spent on repair work, and after deducting the share of the engineers and contractors, hardly 4 per cent. is left for the upkeep or repairs of the Taj?

**Sir Girja Shankar Bajpai:** My friend has imparted information, and not asked a question.

**Dr. Sir Ziauddin Ahmad:** Will my friend make inquiries and find out if what I have stated is a fact?

**Sir Girja Shankar Bajpai:** I have no doubt that my friend's information has been recorded by the Reporter, and I shall send that to the Archaeological authorities for comment.

**Sir Muhammad Yamin Khan:** Has the Honourable Member satisfied himself that there was actually any danger to the dome of the Taj as has been revealed?

**Sir Girja Shankar Bajpai:** I have satisfied myself that there is no imminent or immediate danger. In fact, it is impossible either for the P. W. D. or the Archaeological engineers to say what degree of danger, if any, there is, and it is in order to ascertain that that the scaffolding has been put up.

#### RAILWAY BUDGET FOR 1940-41.

**The Honourable Sir Andrew Clow** (Member for Railways and Communications) Sir, I rise to present to the House the Railway Budget for 1940-41. The immediate financial position of the railways is better than it has been for many years, but the comparative prosperity we are enjoying must be traced in large measure to the war, and is thus very dearly bought. We cannot forget that these trifling gains are an incidental result of a cataclysm which is bringing tragedy and hardship to multitudes; nor should we forget that a conflict which diverts a substantial part of the productive capacity in many countries, including India, to purposes of destruction must leave the world poorer, and must create in the end financial difficulties for the peoples, which our railways cannot hope to escape.

#### *I.—Accounts for 1938-39.*

When last year's budget was presented, it was anticipated that the accounts for 1938-39 would show a surplus of Rs. 205 lakhs. Unfortunately only two-thirds of this surplus was actually realised. Working expenses exceeded the estimated total by 49 lakhs and interest charges went up by 2 lakhs, while the receipts fell short of the revised estimate by 17 lakhs. Thus the year ended with a surplus of only 137 lakhs. Under the moratorium approved by this House, that sum went to general revenues, and under the Niemeyer award, provincial revenues secured the benefit. The sum fell far short of the contribution for which the railways are liable under the Convention approved by this House in 1924; and under the moratorium approved by this House, the balance went unpaid.

The depreciation charges for the year were met, an amount of a little over 12½ crores being appropriated to the fund from revenue. As the expenditure was only 7 crores, the fund increased by about 5½ crores and stood at nearly 24½ crores. But we could do nothing by way of restoration of the large sums borrowed from the fund to meet deficits in the lean years before 1936.



*II—Revised Estimates for 1939-40.*

Passing to the current year, my predecessor budgeted for a surplus of 213 lakhs. During the earlier part of the year, it seemed unlikely that even this modest amount would be secured. Our income up to the middle of August failed to come up to expectations. The fall was particularly marked in passenger earnings, but traffic in sugar and some other foodstuffs was also disappointing. Since the advent of war, however, there has been a marked change. Goods earnings began to increase sharply as soon as war appeared to be imminent and remained at a high level for many weeks. Recently they have shown less of a rise over the preceding year's figures, but are still well above that level. Passenger earnings did not at first show any such response, but they too turned about the end of November. They are still likely to fall short of the previous year's figures, but that is due to the losses in the earlier months, and the present rate of earning is fairly encouraging.

It would seem that the clouded international situation during the earlier part of the year contributed to a considerable holding up of stocks in certain commodities. The effect of the outbreak of war in stimulating industry was enhanced by a release of such stocks. But the gains then secured were not, at first, reflected in any considerable improvement in the position of the people generally, so that we got at first no increase in passenger traffic. The improvement which came later has not been substantial.

In consequence of these changes, and of other changes to which I shall refer later, our revised estimates for the current year differ appreciably from the original estimates. Against an original estimate of earnings from State-owned lines of 94.75 crores we now have an estimate of 97.3 crores, an improvement of 255 lakhs. The revised estimate for working expenses has been put at 65.35 crores against the original figure of 64.25 crores. This means an increase of 110 lakhs. There will also be a small decrease in interest charges. Thus, instead of the surplus of 213 lakhs on which the budget was framed, we now hope for a surplus of 361 lakhs.

Although this figure, if realised, will represent the highest surplus for a decade, it will not suffice even to pay the 1 per cent. contribution to general revenues, less the loss on strategic lines, and the moratorium approved by the House does not exempt us from liability to pay that sum for 1939-40. We shall, therefore, have to carry over a debt estimated at 90 lakhs to be met out of the surplus for 1940-41. This is apart from the accumulated unpaid contributions for previous years which now amount to nearly 35.4 crores. In addition, the unrestored borrowings from the depreciation fund amount to over 30 crores; and we are not in a position to do anything to reduce this figure.

We intend to do our best to secure better results for next year, but lest these facts should, by themselves, give any Honourable Member an unduly gloomy view of the picture, there are further considerations which should be remembered. The framers of the Convention relating to the separation of general and railway finance cannot, in my view, be accused of having treated railways ungenerously in the light of conditions then prevailing; but factors which they could not foresee operated to render it impossible to fulfil the railways' obligations in the last decade. In the first place, the world was overtaken by an economic blizzard of unprecedented force. In

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the second place, road transport made quite unanticipated inroads on both passenger and goods traffic. In the third place, there has been a much greater response to the demands of labour than was anticipated in 1923. Despite these factors, the railways have, in recent years, yielded dividends which, if they are small compared with those expected by industry, compare very favourably with those earned by important railway systems in other countries. For the ten years 1930-39 the average percentage of net traffic receipts to capital at charge has been 3.6 per cent. and in the last three years it has exceeded 4 per cent. Most railway shareholders abroad would have been glad to receive dividends on that scale during these years.

### III.—1940-41: Capital Position

Turning now to the year 1940-41, I begin with matters affecting capital expenditure. We have closed no lines during this financial year but are investigating the possibility of closing some small lines that may have ceased to be remunerative. As regards new construction, two projects, the Sind Right Bank Feeders Railway, and the Khadro Nawabshah Railway, are nearing completion, the work remaining for next financial year should require only Rs. 7½ lakhs. We are making no provision for a third Sind project, the Tando Mitha Khan Railway, as we are not assured that this will prove a sound proposition, and with the concurrence of the United Provinces Government we have decided to drop for the present the idea of constructing a line between Kashipur and Kalagarh.

We have acquired two existing lines during the current year; both of them were being worked by Government. In June last we purchased the South Bihar Railway, 76 miles in length for a sum equivalent to about 92 lakhs, and last month the Hardwar-Dehra line became State property. The purchase price for this will have to be paid during 1940-41, and the budget includes a sum of Rs. 43½ lakhs for the purpose. The line is 32 miles long and the return on the investment is estimated at 5½ per cent. A larger purchase on which we have decided is that of the Bengal-Dooars system, which extends to over 160 miles of line. The option to purchase falls on 31st December next and the Company had the right under its contract to require Government to work the lines for 40 per cent. of the gross earnings. As this would have increased both the income of the Company and the subsequent purchase price, it was an option which was likely to be exercised, and we estimated that the working of the lines by Government for the Company would have involved annual payments of Rs. 11½ lakhs a year. As the estimated purchase price is £1,284,000 or Rs. 171 lakhs, it is better to acquire the property and the Standing Finance Committee has concurred in the proposed purchase, of which notice has been given. It is not yet certain whether the price will be paid in 1940-41, and the budget contains no provision for it. In the event of funds for it being required next year, a supplementary demand will be placed before the House.

Our provision for open line works is on much the same scale as last year. The estimates on account of track renewals amount to roughly Rs. 5½ crores and those for rolling stock to Rs. 5 crores. We are providing a sum of Rs. 3½ crores for bridges and other structural works and over ½ a crore has been provided for an increase in the stores balance. These are gross figures and we expect a credit of about 1½ crores for old materials. The expenditure on track renewals and on rolling stock is

likely to be fairly heavy for the next few years. The necessity for retrenchment during the years of depression has resulted in a curtailment of the expenditure on maintenance. The Pacific Locomotive Committee, commenting on the track renewal programmes over the last ten years, observed that there had evidently been a general falling off in the number of miles of track and of track components renewed and of betterments effected. As their report suggests, the tendency to prolong the life of material and postpone betterment until financial conditions improved has been carried quite as far as is reasonable or safe, and we must now recover the ground that has been lost. The items which I have mentioned, together with the cost of purchase of the Hardwar-Dehra line, amount to over Rs. 13½ crores. But following previous practice, we have made a reduction of about 2½ crores to allow for cases in which it may be impracticable to spend the full amount provided. The net provision for open line works is about Rs. 11½ crores, of which we expect to meet Rs. 7 crores from the depreciation fund, the remainder being debited to capital.

The increase in the capital at charge is, I know, a source of concern to some sections of the House. The railways, it must be admitted, are to some extent over-capitalised and in 1936, Government, in consultation with the Public Accounts and Standing Finance Committees and the Auditor General, made a detailed examination of the measures that were desirable to check further deterioration in this regard, and generally to put railway finances on a sounder basis. Some changes were then made in the allocation of expenditure, but in view of the financial position it was considered impracticable to give effect at once to all the suggestions then approved in principle. Of these, one was that the limit of cost, viz., Rs. 2,000 up to which new minor works are debited to revenue instead of to capital, should be raised and limits of Rs. 5,000, 10,000 and 25,000 were mentioned, the last figure being approved. We have now, with the approval of the Standing Finance Committee, decided to adopt the figure of Rs. 10,000, which is as far as we feel we can go at present, and to make the change operative from next year. For the present, this change will apply to State-managed railways only, and we estimate that this will reduce the debit to the capital account of these railways by about Rs. 30 lakhs next year: it will, of course, increase their working expenses by a corresponding amount. On company-managed railways, the allocation of expenditure as between capital and revenue is determined by the provisions of their contracts, and we cannot force them to charge more to their revenue than these contracts require. It may, however, be possible to introduce this reform in the Government accounts of these railways, and this is being examined.

There is one further probable development to which allusion should be made. At the instance of the Standing Finance Committee for Railways, the Railway Board recently appointed two officers to examine the possibilities of building locomotives in India. As the House is aware, metre-gauge locomotives are being built at Ajmer, but about 17 years have elapsed since any broad-gauge locomotives were manufactured in India. The report of these officers is in the hands of members of the Standing Finance Committee and will be distributed today to other Members of the House. It is an interesting, a lucid, and an encouraging document. Put briefly, their leading conclusions are that we can now reckon on a reasonably large and steady demand for broad-gauge locomotives, which means that the biggest obstacle which has stood in the way in recent years is disappearing,

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that important materials which have not hitherto been available in this country are now likely to be forthcoming, and that we can hope to construct such locomotives more cheaply than manufacturers abroad can supply them. Their preliminary estimate of the capital cost involved in making a shop available for the manufacture of broad-gauge locomotives is 48 6 lakhs. The report will be examined expeditiously in consultation with railway administrations, and if the proposals made are approved, demands will be placed before the House as soon as detailed estimates can be made. That, I hope, will be within the coming financial year.

#### IV.—Revenue in 1940-41.

In approaching the revenue position for next year, we are confronted by serious difficulties; for our estimates of both income and expenditure must involve a large element of speculation than has been the case in any recent year. He would be a bold man who would forecast the economic situation in the country a year hence. Our traffic figures have seen violent fluctuations during the current year and we have no guarantee that there will not be wider fluctuations next year. The possible developments arising out of the war are largely hidden from our eyes. We must, however, make some assumptions if we are to frame estimates at all and we have assumed in the first place that the war will continue throughout the year. We have assumed, perhaps with less confidence, that this will have the effect of increasing our figures of traffic. It would be rash to expect the maintenance of traffic at the height which marked the opening months of the war; indeed there are signs of a slackening already. But we have assumed that, over the whole year, our traffic would increase to an extent which at present rates would bring in an income of about 75 lakhs more than the revised estimate for the current year.

On the expenditure side we have to face equally big uncertainties, and here, unfortunately, the uncertainties are mostly in the unfavourable direction. Traffic may fall far short of our estimates and may appreciably exceed it, but with our rigid rates of wages and salaries, we can look for no large savings of expenditure and might easily have to face large increases. If, for example, prices were to rise substantially above their present level, the possibility of giving relief to certain categories of staff would obviously have to be considered; and the effect of any changes here may be judged from the fact that our non-gazetted staff cost nearly 32 crores a year. Even a 10 per cent. allowance, which was limited to those on daily rates, to inferior servants and to others getting less than Rs. 30 a month, would cost nearly 1½ crores. We can only hope that no such contingency will arise, and budget on this assumption. I shall have something to say later on this subject of prices and wages.

If the railway rates were to remain at their present level, we anticipate that the surplus in 1940-41 would amount to about 3 crores. This would not suffice to meet the railways' obligation to pay 1 per cent. on the capital at charge, less the loss on the strategic lines, even for 1940-41 and, as I have observed earlier, we anticipate that we shall have to carry over a liability of 90 lakhs from this year's accounts, which will be a first charge on the surplus of next year. Clearly then, we must look for the means of increasing our revenue, and the obvious remedy is an increase in rates. And this is clearly the sound course in the present situation, when the traffic can bear increased charges. The railways, like every other form of industrial enterprise, must expect marked fluctuations in their working.

Periods of general prosperity are followed only too surely by periods of depression and as the financial results of railway working depend closely on the economic situation in the country, a period of depression for the community is also a period of depression for the railways. Thus, if railways fail to take advantage of times when the demand for their services is brisk, the inevitable result is that when the demand falls off, they will be unable to meet their obligations to the tax-payer. That is precisely what happened in the years following 1928, the important consequence being that in 1931-33, when the need of the tax-payer was greatest, the railways were quite unable to fulfil their obligations to him and had indeed, at a time of depression in industry, to enhance their rates.

The actual increases which we propose to make are as follows. In respect of goods we are making an enhancement of 2 annas in the rupee or 12½ per cent on most commodities with effect from 1st March next. But from this rise we propose to make complete exceptions in the case of food grains, fodder, manures and railway and military traffic and we propose to make a partial exception in the case of coal. So far as food grains are concerned, while the proportion which a similar enhancement would bear to prices would be trifling, we are anxious to afford no excuse for a raising of prices on our account. If, however, we found ourselves forced by a substantial rise in prices to give allowances to the staff, rates generally would have to be reconsidered and the exemption of food grains could hardly be maintained. Fodder traffic can hardly be regarded as a remunerative item and the traffic in this, particularly on metre-gauge lines, has recently been embarrassing, but we feel that in view of the acute needs of certain parts of the country we should not at present increase our charges on this or on manures. In the case of jute and tea, local factors make it impracticable to enhance the rates at once on the Eastern Bengal and Assam Bengal Railways, but the additions will be imposed as soon as the difficulties have been overcome and that should be in the course of a few months.

In respect of coal we propose to raise from 1st March the existing surcharge from 12½ per cent. to 15 per cent. and to remove the maximum at present imposed on this surcharge, and from 1st November next to raise the surcharge to 20 per cent. We estimate that this means an average increase in coal freights of less than two annas a ton until November and about 5 annas for the remaining months. The preferential treatment we are giving to coal is based partly on the fact that part of the freight is technically a surcharge, but mainly on the better ground that we are anxious to avoid imposing anything that can be regarded as an appreciable burden on industry. And by making only a trifling increase for the next eight months, we hope to encourage those manufacturers who can do so to follow our own example and secure coal in the season when our wagon position is normally easier, and so to reduce the difficulties in the winter months.

In respect of passengers we propose, for the present, a smaller enhancement. Fares will be increased by 1 anna in the rupee, and the increase will not be applicable to fares not exceeding a rupee. This means, so far as third class fares are concerned, that for distances up to about 50 miles, fares will remain as they are, so that journeys to work and most of the journeys within a district will, for the third class passenger, be no dearer than before. We estimate the average increase in fares at 4 per cent., and the average increase in third class fares will be less than this. I would observe that the average journey for a passenger is about 35 miles.

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The effect of all these increases will be carefully watched and if it appears that any of the new rates is having adverse effects on our revenue, reductions will be made. I do not anticipate such effects, but in assessing the probable effect of these enhancements we have made a reduction of 20 per cent. from the income they should yield, to allow for small reductions in traffic and for any concessions we may have to make. In the current year we estimate that they will yield 30 lakhs and we have taken 5½ crores as the additional earnings from this source for next year. The gross traffic receipts for next year have been put at 103 crores against the revised estimate of 97·3 crores for the current year.

*V.—Expenditure from Revenue in 1940-41.*

The estimate of ordinary working expenses has been placed at 53·98 crores; when depreciation is added, the total comes to 66·64 crores, an increase of 1·29 crores over the revised estimate for the current year. The only item in respect of which we hope for an appreciable reduction is interest charges, where owing to a fall in the rates, we expect to save 10 lakhs. The increase in the total figure is mainly due to the higher prices which we are likely to pay for materials, but the increased traffic for which we have budgeted finds, of course, a reflection in expenditure in various directions. To take one item in which the House is generally interested, the contracts for State-managed lines placed with private colliery-owners for next year's supplies are for a sum of Rs. 104½ lakhs which is 14 lakhs more than the contracts for the current year and represent an increase in quantity of nearly 400,000 tons. The figure of 2,800,000 tons to be purchased from the market is the largest for 17 years. We contemplate raising about 1,670,000 tons from our own collieries which is practically the same as the estimated output for this year.

A second element in the increased costs is the provision we are making for labour, and I need offer no apology for dealing with this subject at some length. It is, even in times when conditions are stable, one of vital importance and one which is constantly under consideration, in one aspect or another, by the Railway Board; and the recent rise in prices has given it special prominence.

Any general rise in prices involves a diminution in the real income of those who depend on fixed salaries and wages, and as the bulk of railway servants fall in this category, they have naturally not welcomed the change. The lowering, even in a small degree, of one's standard of living is always felt to be a hardship and this is particularly true of those on the lower scales of pay. I think it can be claimed that the great majority of those affected met the situation with fortitude, but there have naturally been complaints from a number of quarters and there are probably few railway workers who did not feel apprehension regarding the effect on themselves and their families of the more substantial rise which at one time seemed probable. That rise has not materialised; and in fact 1940 has brought a distinct fall in prices of important commodities. But at a time like this, when prices are less stable than in normal times, the question of possible alterations in remuneration is bound to occupy the thoughts both of employees and of the administration. We have, in fact, been examining the position closely in the past two months, and it would perhaps be useful if I were to set out some of the main considerations which must underlie any conclusions that may be formed on the subject.

One preliminary point is that the question is not one of generosity or parsimony on the part of Government, but of an equitable arrangement between railway servants on one side and other sections of the community on the other. I need hardly enlarge on this point, for it is obvious to all thinking men, but there still survives in less informed quarters the conception of Government as a primary source of wealth which can give what it chooses without inflicting loss elsewhere. What we give to our staff comes out of the pockets of the community and much of it must fall ultimately in one form or another upon the masses. The question, therefore, is largely one of how much they should be called upon to pay for the services given by railway employees. Now it can hardly be denied that in the last few years, following the great fall in prices of 1929-31, the primary producers have been getting less than formerly and those whose remuneration was not reduced, *i.e.*, practically all railway servants, have been gainers at their expense. It is not, therefore, reasonable to assert that when any movement occurs in the reverse direction, railway servants have the right to have it "neutralized" by additions to their pay.

Any such doctrine would carry with it the corollary that whenever prices fell, pay should be correspondingly reduced. The rise of prices in December brought telegrams from some railway servants asking for allowances. I sympathise with the difficulties that beset any one who finds his purchasing power cut down, especially at a time when some of those more fortunately placed are actually gaining from the present situation and the position was not rendered easier by the fact that a number of private employers, who had in many cases secured substantial reductions in their wages bills a few years ago, rightly gave some enhancement. At the same time, I could not help wondering what the reaction of those who sent telegrams would have been if, when prices fell, Government sent them telegrams proposing a cut in their pay. It is arguable that pay rates are too rigid and that a few years ago we should have followed the example of many big employers and cut rates all round. All that we did do, and that under the pressure of gave financial stringency, was to impose a small cut which has been fully restored and to reduce to some extent the rates offered to new entrants. But those already in service were given the old rates, which were in many cases privileged rates, which did not correspond with the economic levels then prevailing. Whatever view be taken of the policy then adopted, the fact remains that in railway service the tendency has been to keep rates comparatively rigid; and those whose pay is not adjusted to a fall in prices can hardly expect to be compensated for every rise which occurs.

I have alluded to our rates as rigid, but in actual fact, the rates of remuneration can only be described as rigid in the sense that the employees have, except for the temporary cut in pay, been secured against a reduction in their emoluments; they have not been rigidly held down, for the charges in respect of labour have risen fairly steadily. So far as pay is concerned and in spite of the revision of the scales for new entrants, the average remuneration for railway staff as a whole rose by about 10 per cent. between 1929 and 1939, whereas prices were substantially lower in 1939 than in 1929. This brought, of course, higher payments in various indirect ways, such as provident fund bonuses, gratuities and leave allowances. Part of the increase is traceable to the effect of incremental scales, but not all of it; and it may be observed that incremental scales which are common in the railways but very rare in other forms of industry, tend to alleviate the effect which an upward movement in prices may produce.

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The last decade has also been marked by important concessions in various other directions. So far as the lower-paid staff is concerned, possibly the most important was the abolition of the "no extra cost" condition in respect of leave, which was granted in 1930 and was estimated to cost ultimately 20 lakhs a year. Higher recurring costs, in addition to capital expenditure, have been incurred in the enforcement on a large scale of the Washington and Geneva Conventions relating to Hours of Employment and Weekly Rest. For this I shall give figures shortly. The expenditure here does not, of course, go in increasing the emoluments of individuals—it goes in reducing the work, they do while their pay is kept at the previous level.

It may seem to some who compare the conditions of service with those in private employment and bear in mind the provision for housing, medical relief, passes and other matters, that any further increase in charges in the present situation would be unjustified. That is not our own view, for there are improvements which financial difficulties have hitherto prevented us from making, but which are recognized as desirable. Accordingly the budget now being placed before you contains substantial extra provision. This is intended, in the first place, to complete the extension of the Hours of Employment Regulations to all State-owned Class I Railways. At the beginning of last year we had four such railways still to cover—the South Indian, the Rohilkund and Kumaon, the Bengal Nagpur and the Assam Bengal Railways. During the year we approved the inclusion of the South Indian and Rohilkund and Kumaon Railways and we feel that, in the present position, we can hardly postpone for another year an extension to the other two. The cost for the first two is 65 lakhs capital and 36 lakhs recurring, and for the second two is 154 lakhs capital and 63 lakhs recurring; but in this case, we are making provision for only part of the year. We estimate the total cost of applying these Conventions on the railways at 59 lakhs capital and over 32 lakhs recurring. The new expenditure included in the budget for this purpose amounts in all to about 6 lakhs. India can perhaps claim a little credit for making sacrifices to fulfil international obligations at a time when respect for these is so notoriously lacking in some countries, but I would not be disposed to press this point far, for the benefit goes to staff who, for the most part, stood in real need of it.

A second direction in which we would like to make an advance is the further extension of the Provident Fund privileges to employees. This does not stand on the same footing as the previous concession for there is no legal obligation and it cannot be regarded as a right of employment; none of those seeking to secure it entered the service on the understanding that they would get it. But the All-India Railwaymen's Federation lays stress on the need of the lower-paid employees for some provision in addition to the gratuities already provided, and we feel that, as circumstances permit, this is a direction in which we ought to advance. It could be a very costly business, for the numbers not now included are large and the bonus given by the railways is one-third higher than that given in most Government provident funds. Our estimate of the additional sum involved if every one were included on the present terms is 72 lakhs a year. Clearly, any steps we take must be gradual, and our power to take steps at all must depend on claims made in other directions. What we



have done is to include, in addition to the provision made for the extension of the Hours of Employment Regulations, a sum of 12 lakhs which we can apply to those staff benefits which appear to be most urgent, and the Railway Board hope to discuss later with the Federation the best allocation of this sum.

It will be clear, from the figures I have quoted earlier, that the provision we have made will not suffice to provide for war allowance on any general scale, though it might meet some cases of special hardship. Our own examination of the situation at the present moment suggests that in no area have prices risen to the levels prevailing when the bulk of the present rates were fixed, but we are at all times ready to consider any reasoned statement of the position which takes into account the considerations I have mentioned.

#### VI.—Conclusion.

I have referred to the gradual improvement in the conditions of our staff. Let me add that the benefits have not been one-sided and that the railways have been given not merely steady service but increased efficiency from the staff. Over the last decade, the public have demanded and secured constant improvements in the service, and despite all the adverse circumstances the railways have had to face, the cost of staff per train-mile has been falling for some years and is now no higher than it was in 1922. I have no doubt that in all branches of railway work there has been increased keenness and increased skill; and to this the officers in all grades from the highest to the lowest have made a very valuable contribution.

Finally, I deal with the estimated surplus and its allocation. We have estimated our gross traffic receipts at 103 crores, and expect net miscellaneous receipts of  $\frac{3}{4}$  of a crore. Our expenses, including interest charges, are estimated at 95.46 crores. This excludes a sum of 5.19 crores on the receipt side in respect of worked lines and a corresponding amount on the expenditure side. The estimated gross surplus before payments to general revenues is thus 8.29 crores. Of this we estimate that 90 lakhs have to go to meet the undischarged liability to general revenues in the current year. The payment next year of the 1 per cent. charge on capital at charge less the loss on strategic lines will account for 4.41 crores. Thus, if our present forecast proved accurate, there would be a balance of 2.98 crores, which under the Convention of 1924 goes into the railway reserve fund.

It is a melancholy fact that the reserve fund of this, the largest railway system under one ownership in the world, stands at 48 lakhs. This is less than a fifteen hundredth part of its capital at charge, and much less than 1 per cent. of its revenue. The effect of our being virtually denuded of any reserves is that when times of depression come, we are at once in difficulties. We are earning at the moment profits which depend to a large extent on factors of a temporary character, and if reserves cannot be built up in such a situation, we may be confronted, when the inevitable recession comes, with the necessity of reducing wages and increasing charges and thus enhancing the difficulties of the community at a time when its needs are acute. No great business should be obliged to live a hand-to-mouth existence and the only sound policy is to endeavour during the good years to put something aside for the bad ones. It is my

hope—a hope which, with the uncertainties ahead of us, cannot be a conviction—that next year will be a better one than the railways have had for quite a long time.

#### THE FACTORIES (AMENDMENT) BILL.

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar** (Member for Commerce and Labour): Sir, I move for leave to introduce a Bill further to amend the Factories Act, 1934, for a certain purpose

**Mr. President** (The Honourable Sir Abdur Rahim): The question is:

“That leave be granted to introduce a Bill further to amend the Factories Act, 1934, for a certain purpose”

The motion was adopted

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar**: Sir, I introduce the Bill.

#### THE INDIAN EMIGRATION (AMENDMENT) BILL.

**Sir Girja Shankar Bajpai** (Secretary, Department of Education, Health and Lands): Sir, I move for leave to introduce a Bill further to amend the Indian Emigration Act, 1922.

**Mr. President** (The Honourable Sir Abdur Rahim): The question is:

“That leave be granted to introduce a Bill further to amend the Indian Emigration Act, 1922”

The motion was adopted.

**Sir Girja Shankar Bajpai**: Sir, I introduce the Bill.

The Assembly then adjourned till Eleven of the Clock on Thursday, the 22nd February, 1940.

# LEGISLATIVE ASSEMBLY.

*Thursday, 22nd February, 1940.*

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. President (The Honourable Sir Abdur Rahim) in the Chair.

## STARRED QUESTIONS AND ANSWERS.

### (a) ORAL ANSWERS.

#### RECRUITMENT OF MUSLIMS AS PREVENTIVE OFFICERS IN THE CUSTOMS DEPARTMENT.

†118. \*Seth Haji Sir Abdoola Haroon: Will the Honourable the Finance Member be pleased to state:

- (a) the ratio or percentage that has been allotted to various communities for recruitment to the cadre of Preventive Officers in His Majesty's Customs Department;
- (b) the number of Muslims recruited during the last three years at the different major ports of Karachi, Bombay, Madras and Calcutta under reservation classified as "Indians";
- (c) whether it is a fact that only "Hindus" have been recruited so far under the classification "Indian"; if so, why;
- (d) whether it is a fact that recruitment reserved under the classification "Unreserved" has always been made from Anglo-Indians and never from Muslims; and
- (e) the reasons why Government have reserved only two per cent. for Muslims, when in other departments the ratio for all-India services fixed by Government for Muslims is 25 per cent. and population ratio in the provinces for lower grades?

**The Honourable Sir Jeremy Raisman:** (a) In a cycle of 18 vacancies available for direct recruitment the reservations are:

Nine for Anglo-Indians and Europeans domiciled in India,

Two for Muslims,

Four for Indians other than Anglo-Indians and Europeans domiciled in India, and

Three are unreserved.

(b) The number of Muslims directly recruited during the last three years at the ports is three at Calcutta, two at Karachi and one at Bombay. These Muslims were appointed in the vacancies reserved for them.

(c) No.

(d) No.

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†Answer to this question laid on the table, the questioner being absent

(e) The reservation for Muslims is about 11 per cent. and not two per cent. For the reasons for this proportion of reservation I would refer the Honourable Member to paragraphs 2, 6, 8.(2) and 9 (3) of the Government of India, Home Department, Resolution No. F. 14/17-B./33-Establishments, dated the 4th July, 1934.

#### BUILDING APPLICATIONS IN CANTONMENTS.

†119. \*Sardar Sant Singh: (a) Will the Defence Secretary be pleased to state whether building applications under section 179 of the Cantonments Act for areas outside the bazar are sent to the Military Estates Officers of the circle?

(b) Is it a fact that the Military Estates Officers in their turn pass the applications to the Deputy Directors of Military Lands and Cantonments?

(c) Is it a fact that such building applications are not sanctioned for more than two months?

(d) What steps do Government propose to take to expedite the proposal of these building applications?

Mr. C. M. G. Ogilvie: (a) Yes.

(b) As a general rule a reference is made only where sanction of higher authority is required under the terms on which the site is held or where there is doubt as to whether the applicant has a right to build.

(c) Building applications are sanctioned within two months in the majority of cases. Where this has not occurred the delay was due to the applicant or Board concerned, except in two cases which have come to the notice of Government.

(d) Government have already issued the necessary instructions.

#### TROUBLE IN THE PESHAWAR CANTONMENT BOARD.

†120. \*Sardar Sant Singh: (a) Will the Defence Secretary be pleased to state whether it is a fact that in the Peshawar Cantonment Board there are five official members and four elected members?

(b) Is it a fact that the official members moved a vote of censure sometimes back against the elected Vice-President of the Board, for writing a letter to the Secretary of the Cantonment Board?

(c) Is it also a fact that the motion was carried by the five official members and one elected member and was opposed by the two remaining elected members?

(d) Has the attention of Government been drawn to the note of dissent submitted by the two elected members against this vote of censure?

(e) Did the two elected members bring the whole matter to the notice of Government and inform the Government that, unless the motion was withdrawn, they would not attend the meetings of the Board?

(f) What action did Government take in the matter?

(g) Is it a fact that on the 16th December the official President called a special meeting and by the votes of five official members recommended to Government the removal of the two elected members from the Board?

†Answer to this question laid on the table, the questioner being absent.

(h) Is it a fact that the elected members have not yet absented themselves for more than three consecutive months?

(i) What steps do Government propose to take in the matter?

(j) Is it a fact that both the members recommended for removal belong to Congress Party?

**Mr. C. M. G. Ogilvie:** (a) Yes.

(b) Two votes of censure were moved against the Vice-President. The first on the 29th April, 1939, against him and another member was proposed by the President "owing to their disorderly conduct in carrying on a violent quarrel at a meeting of the bazaar Committee which had to be adjourned in consequence". The second on the 30th August, 1939, was proposed by the City Magistrate for his improperly usurping the functions of the President contrary to the provisions of sections 22 and 23 of the Cantonments Act, 1924, and for his attitude towards the Executive Officer, culminating in the letter referred to, in spite of repeated warnings from the President.

(c) The first motion was carried by all the remaining members of the Board including the other two elected members, the second by the official and one elected member, the other two elected members dissenting

(d) Yes.

(e) No. The matter was brought to the notice of Government by the Vice-President himself and one of the dissenting members. They informed Government as stated in the latter part of the question.

(f) Government called for a report from the General Officer Command-in-Chief, Northern Command.

(g) A special meeting of the Board was convened by the President at the request of all the elected members to consider a proposal by them that the votes of censure passed by the Board be withdrawn and expunged from the minutes. It was also to consider any explanations from the Vice-President and the member referred to in (e) above regarding their absence for more than three consecutive months from meetings of the Board and decide whether any action was called for under clause (b) of sub-section (i) of section 34 of the Cantonments Act, 1924, for their removal from the Board. The recommendation for the removal of these two members was passed by the votes of the official members. The two remaining elected members stayed away from the meeting.

(h) Yes.

(i) In view of the answer to (h) the recommendation of the Board has not been accepted.

(j) Yes.

#### INCLUSION OF CERTAIN AREAS WITHIN THE LIMITS OF THE ALLAHABAD CANTONMENT.

†121. \*Sardar Sant Singh: (a) With reference to question No. 361 of Mr. Mohan Lal Saksena, dated 22nd August, 1938, will the Defence Secretary be pleased to state what the Government of India have done with regard to the outlying areas known as Bairana, Bagara village, Gulla Bazar and Myre Gunj, which are included within the limits of Allahabad?

†Answer to this question laid on the table, the questioner being absent.

(b) Has the report been received from the General Officer Commanding-in-Chief, the Eastern Command, on the subject? If so, what steps have been taken to remove the areas from the cantonment limits?

**Mr. C. M. G. Ogilvie:** (a) and (b). Government have recently received the complete report from the General Officer Commanding-in-Chief, Eastern Command, and the matter is at present receiving their attention.

#### INCLUSION OF CERTAIN VILLAGES IN THE FATEHGARH CANTONMENT.

†122. **\*Sardar Sant Singh:** (a) With reference to question No. 689 of Mr Badri Dutt Pande, dated the 2nd September, 1938, will the Defence Secretary be pleased to state whether the Government in the Defence Department still require the villages of Sheesham Garh, Kashimbagh, Nangwah, and Colonel Gunj, in the cantonment of Fatehgarh in the United Provinces?

(b) Is it a fact that these villages are inhabited only by civilian residents, who would like to be separated from the cantonment area and to have their own system of local self Government under the United Provinces?

(c) What steps do Government propose to take in the matter?

**Mr. C. M. G. Ogilvie:** (a), (b) and (c) The excision of these villages from the Cantonment is still under consideration and it is hoped that a final decision will be reached shortly.

#### FUNCTIONS OF THE MILITARY ESTATES OFFICERS.

†123. **\*Sardar Sant Singh:** (a) With reference to question No. 365 of Mr Mohan Lal Saksena, dated the 22nd August, 1938, will the Defence Secretary be pleased to state whether the Military Estates Officers of the cantonments are also the Land Acquisition Officers for the area?

(b) If the answer to part (a) be in the negative, what are their duties with regard to Land Acquisition in cantonments?

**Mr. C. M. G. Ogilvie:** (a) No

(b) The duties of the Military Estates Officers with regard to land acquisition are detailed in Part II of the Rules Complementary to the Cantonment Land Administration Rules, 1925, for the Acquisition, Custody, Relinquishment, etc. of Military Lands, a copy of which is in the Library of the House.

#### INDIANS IN THE ROYAL INDIAN NAVY.

†124. **\*Sardar Sant Singh:** Will the Defence Secretary please state:

(a) the present strength of the Royal Indian Navy;

(b) the number of Indians and the position each occupies in the Royal Indian Navy; and

(c) the number of Sikhs and the position each occupies therein?

**Mr. C. M. G. Ogilvie:** (a) and (b). It is not in the public interest to give answers to these parts of the question.

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†Answer to this question laid on the table, the questioner being absent.

(c) Seven, six of whom are officers of the Royal Indian Naval Reserve and Royal Indian Naval Volunteer Reserve, and one rating.

**LEGISLATION GIVING EFFECT TO THE RECOMMENDATIONS OF THE GOVERNOR OF THE RESERVE BANK *re* SMALL BANKS.**

†125. \*Dr. Sir Ziauddin Ahmad: (a) Will the Honourable the Finance Member please state whether the Governor of the Reserve Bank of India submitted to the Finance Department any document concerning small banks?

(b) Do Government propose to circulate the document among the Members of the Assembly?

(c) Do Government contemplate introducing a Bill to give effect to some or all the recommendations of the Governor of the Bank?

(d) If the answer to part (c) be in the affirmative, will the Bill be introduced in the Delhi Session?

**The Honourable Sir Jeremy Raisman:** (a) If the Honourable Member is referring to the tentative proposals of the Reserve Bank for an Indian Bank Act, which will apply to all banks, the reply is in the affirmative.

(b) No; but copies have been placed in the Library and any Honourable Member particularly interested can obtain a copy from my office.

(c) and (d). The proposals have been circulated for opinion and criticism within six months and when the replies received have been examined by the Reserve Bank, they will submit their final proposals to Government who will then consider the question of legislation

**APPOINTMENT OF MESSRS. FERGUSON AND COMPANY AS THE MANAGERS OF THE ALLIANZ AND STUTTGARTER LIFE BANK.**

126. \*Bhai Parma Nand: (a) Will the Honourable the Finance Member please refer to the Press Note, dated the 22nd November, 1939, in which the appointment of Messrs. Ferguson and Company, Chartered Accountants, Bombay, as the Managers for British India, of the "Allianz and Stuttgarter Life Bank" was announced and state the criterion which determined this appointment?

(b) Will Government state if other parties also volunteered their services for the management of this Company?

(c) Why was it not considered desirable to hand over the management of this Company to an Insurance Office?

(d) Will Government disclose the remuneration that has been allowed to the present Managers?

(e) Is it a fact that the remuneration has been fixed at 15 per cent. of the premium collection, or Rs. 4,000 per month whichever be the greater?

(f) Does this stipulation include administration expenses or they are exclusive of the same?

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† Answer to this question laid on the table, the questioner being absent.

**The Honourable Sir Jeremy Raisman:** With your permission, Sir, I will answer questions Nos. 126, 127 and 128 together.

The questions should have been addressed to the Honourable the Commerce Member.

**ADVISORY COMMITTEE FOR CONTROLLING THE ALLIANZ AND STUTTGARTER LIFE BANK.**

†127. **\*Bhai Parma Nand:** (a) Will the Honourable the Finance Member please refer to the Government Press Note announcing the personnel of the Advisory Committee which controls the management of "Allianz" through Messrs. Ferguson and Company, and state if he proposes to consider the nomination of a policyholder of the Company to this Board which consists of officials only?

(b) Have Government seen the circular letter, dated the 23rd December, 1939, which issued from the Head Office of the "Allianz" to its policyholders?

(c) Is it a fact that this Circular was issued after it had been approved by the said Advisory Board?

**ECONOMY IN THE ADMINISTRATION AND STAFF OF THE ALLIANZ AND STUTTGARTER LIFE BANK.**

†128. **\*Bhai Parma Nand:** (a) Will the Honourable the Finance Member please state what steps Government have taken to effect economy in the administration of the "Allianz" Company?

(b) What will be the fate of the With-Profit policies of this Company?

(c) Is it a fact that all appointments to the staff of the Company have been made afresh the previous contracts having been considered as automatically cancelled by the outbreak of war?

(d) Is it a fact that the Provident Fund of the Company existing for the sole benefit of its employees stands dissolved?

(e) Is it a fact that a large number of Head Office employees of the Company submitted a formal application early in December, 1939, for the dissolution of the Provident Fund and prayed for early disbursement of the dues?

(f) Is it a fact that instead of declaring the Provident Fund as dissolved, further contributions have been made towards it for the benefit of the present staff?

(g) Are Government aware of extreme hardship to which the *ex*-employees of this Company have been put to on account of their dues against the Provident Fund not having been paid, although in most of the cases, they lost their jobs on the 30th November, 1939?

(h) Are Government prepared to consider that facilities are afforded to these *ex*-employees in seeking jobs elsewhere?

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†For answer to this question, see answer to question No. 126.



## THE RAILWAY BUDGET—GENERAL DISCUSSION.

**Mr. President** (The Honourable Sir Abdur Rahim) : The House will now proceed with the general discussion of the Railway Budget. The Chair has got to fix a time limit for speeches. There is only one day allotted for general discussion. But, at the same time a large number of Honourable Members who would have ordinarily taken part in the discussion are absent. The Chair, therefore, proposes to fix twenty minutes for each speech, unless Honourable Members desire it should be 15 minutes.

**Mr. Lalchand Navalrai** (Sind : Non-Muhammadian Rural) . It should be 30 minutes.

**Mr. President** (The Honourable Sir Abdur Rahim) . The Chair does not think anything more than twenty minutes is necessary. As for the Honourable Member in charge of Railways, he will have three-quarters of an hour to reply to the debate, but if he wants more time, the Chair shall certainly be prepared to give it.

**Mr. Akhil Chandra Datta** (Chittagong and Rajshahi Divisions : Non-Muhammadian Rural) : Sir, I congratulate the Honourable Member for Communications on his surplus budget. I congratulate him all the more on another thing, namely, the proposed change in the administration of two railway companies by taking them over under State control—I believe one line this year and another line next year. I also congratulate him on the announcement made that locomotives will be manufactured in this country. We have been demanding this for some years past, year after year, but this was rejected as absolutely impracticable. It is a matter for congratulation that at last the Government have admitted this to be quite a business proposition. May I take advantage of this occasion and say this, that it is high time the Government should realise that we are not always in the wrong and that we are not always unreasonable and that all monopoly of wisdom and reasonableness is not always on the other side. As regards surplus, it has been the highest surplus for quite a decade. I am glad to say that the Honourable Sir Andrew Clow is a very reasonable man, he is the most reasonable man I have ever met. I had the pleasure of working with him intimately in connection with the Motor Vehicles Bill. I found that he was always amenable to conviction. I do not speak in terms of exaggeration. I speak what I feel. But I regret to say that on this particular occasion, I am afraid I do not find myself in a position to give the same tribute to him. Even without any increase in rates, he would have had a surplus of three crores. But this does not satisfy him. He is very ambitious, he wants more revenue, he wants more revenue for contribution to general revenues, he wants more revenue for contribution to the reserve fund. The obvious remedy to him is increase of rates and fares. This increase of rates and fares comes at the top of tightened and increased income-tax, super-tax and the other terrible thing that is coming soon, namely, excess profits tax. The general feeling among those who are competent to speak on this matter is that this increase of rates and fares will be detrimental to all interests, namely, industry, commerce, agriculture and to all classes of the vast population of this country.

[Mr. Akhil Chandra Datta.]

As regards the rate policy, on behalf of the Congress Nationalist Party, I have been moving cut motions for the past four or five successive years protesting against the rate policy of the Railway. My contention is that the policy should be such as to foster trade and commerce and industry of this country. All these years we have been asking for bread, but this year we have been supplied with stone in the shape of increase in rates and fares. The Honourable Member says that the revenue should be increased and the obvious remedy for him is to increase the rates and fares. Allow me to say, Sir, that this remedy does not become obvious, simply because he says it is an obvious remedy. Have you tried, have you considered all other possible remedies of increasing revenue? Have you considered the question of reducing the working expenses? One of the most obvious remedies is the reduction of the fat salaries of the top-heavy administration and the reduction of the fat salaried posts. Another of the most obvious remedies is Indianisation of railway services. Still another obvious remedy is the reduction of the redundant establishment. Why not cut down the contingent charges? Why not stop the lavish expenditure on the amenities to first class passengers in a country where 92 per cent. of the passenger revenue comes from the lower class travellers? Why not stop all the loopholes by which money leaks out from the railway? Have you given effect to the recommendations of the Pope Committee, of the Wedgwood Committee and of other committees who recommended economy and reduction of working expenses. Before all these steps are exhausted I say there is no moral justification for the increase of rates and fares in order to get more revenue. This question of increase of rates and fares, during war time, was discussed only the other day in the House of Commons. And there the Minister for Transport gave an assurance that the rates and fares would not be changed during war time. And he categorically laid down conditions which alone could justify an increase in rates and fares. One condition is the increase of wages of the staff. That does not apply here. Another condition is the increase of the prices of materials. That has not been urged here, and as a matter of fact, although the Honourable Member for Communications attempted a laboured justification for his increase he did not think it worth his while even to mention that as one of the grounds for this increase.

Coming, however, to the merits of this ground, the estimated increase in the cost of materials is only 92 lakhs. Is it seriously proposed to raise five crores and 25 lakhs by raising the rates and fares only to cover this sum of 92 lakhs? Then we must remember that savings have been effected in various directions, e.g., closing down of the power-house at Chola, increase of miscellaneous receipts: 17 lakhs, interest rates: 10 lakhs, etc. There are many other such items. Therefore, this ground also does not apply. The last ground given by the Minister for Transport in England is difficulties caused by the war. On that question the position here is quite the other way. Far from the war causing difficulties to the railways it gave them increased profits, and admittedly much of the surplus is due to war conditions. Therefore, my submission is that there is no justification, according to the British standard, for raising the rates and fares. Another very important condition laid down by the Transport Minister there was that any increase in rates and fares must be placed before Parliament and obtain its sanction. Will the Honourable Member accept the verdict of this House on this question?

Then, Sir, I want to examine this question in the light of the report of the Wedgwood Committee which considered this question. They say :

"There are three conditions under which such an increase must be justifiable; first, as an emergency measure when sudden and unexpected changes have imperilled the financial position and stability of the railways."

Far from their financial position being imperilled, the war has improved their position. The second ground is :

"To meet a general change of costs and price levels which are more or less permanent in character."

That has admittedly not happened here. The third ground is :

"To meet a temporary increase of costs in a period of general prosperity and high prices . . . . No upward movement of prices has taken place which could fairly be described as being of a general or permanent character." *That observation holds good today also.* "Nor can it be urged that present day conditions, when railway net revenues are rising, and the railways are once more earning the full interest on their capital, call for emergency measures."

Let us now examine the grounds given by the Honourable Member himself for these increases. His first ground is the contribution to general revenues. We must admire the frankness of the Honourable Member but the very frankness of his statement has revealed that it is not really a *bonafide* measure for the improvement of the railway finances but for the improvement of the general finances of the country. Unpaid contributions from the railway revenue to general revenue have accumulated for many years up to 35 crores. All these years the rates and fares were never raised in order to meet the obligations of the railways. The Honourable Member has himself enumerated the many factors which have made it impossible for the railways to pay this annual quota for over a decade. If Government could wait all these years it is difficult to appreciate why this drastic action is taken at the present time. Sir, this is not a railway budget but a supplementary general budget,—a war measure for raising taxation only.

The second ground given by the Honourable Member is that he wants to build up a reserve fund. He says :

"It is a melancholy fact that the reserve fund of this, the largest railway system under one ownership in the world, stands at 48 lakhs. This is less than a fifteen hundredth part of its capital at charge, and much less than 1 per cent. of its revenue."

I really do not know how to characterise this. If such a thing had happened in a private joint stock company it would be considered a great scandal. Why was not this reserve fund allowed to be put on a proper footing during all these years? The present proposal is to raise it from half a crores to  $3\frac{1}{4}$  crores, i.e., seven times, at one jump and in one year. This is hardly businesslike, and it is proposed to do it not by economies or by efficient administration but at the cost of the consumers of railway services. You want to provide for your lean years but you forget that these consumers will have their lean years as well.

**Mr. President** (The Honourable Sir Abdur Rahim) : The Honourable Member has two minutes more.

**Mr. Akhil Chandra Datta:** The third ground is that the enhancement is very insignificant compared with the increase in prices of some important commodities. That is very interesting. On the one hand it is said that it is insignificant when compared with the prices of some important commodities, on the other hand when dealing with the question of raising wages and salaries on account of the rise in prices the Honourable Member says that the apprehended "rise has not materialised and in fact 1940 has brought a distinct fall in the prices of important commodities". This is blowing hot and cold in the same breath. Therefore, I say, in the words of the *Statesman*, this is an unhappy argument to bolster up an altogether unsatisfactory case

**An Honourable Member:** Who is this "statesman"?

**Mr. Akhil Chandra Datta:** The *Statesman* newspaper, not a Congress organ or a labour organ either. So my submission is that no case has been made out for this increase in rates and fares and I protest against the increase on behalf of the people

May I in conclusion make a present of a small extract from the Wedgwood Committee's Report to the Honourable Member? That Report says at page 43 :

"\* \* \* the resources of additional taxation are almost non-existent.

Apart from this the railways are for the most part sparsely occupied and the traffic will only bear the lowest possible level of fares and rates. Similar conditions hardly exist in any other part of the world."

We object to this increase, specially in view of the proposed change in the Niemeyer's Award under which no portion of this will go to the provinces. Sir, on behalf of the people of this country I request the Honourable Member to reconsider this question and not to have the proposed increase.

**Mr. A. Aikman (Bengal: European):** Mr. President, the Railways and the Railway Board have in the past been the object of so much criticism that it would be surprising if on the present occasion the Honourable the Communications Member escaped the attention if not indeed the attacks of numerous critics. Before, therefore, I deal with the Budget speech, I should like to say a brief word on the Financial policy and the financial administration of the Railways as we have seen these developing during the last three or four years. In debates in this House in October, 1937, and again in the course of general discussion on the Railway Budgets in February, 1938, and February, 1939, the spokesmen of this Group commented upon the great improvement that had taken place in the general policy of the Railway Board, but more especially in its Financial policy. I feel that every impartial critic will admit that that improvement has not merely been maintained but has progressively increased. Even in normal times this would be a matter of satisfaction. Today, entering as we do upon an year of difficulty and uncertainty, I should like to pay tribute to the Railway financial administration and to express the confidence that we in this Group feel in it.

The Budget introduced by the Honourable the Communications Member is a War Budget and to criticise it, therefore, as though we were still living in peace-time, seems to us unreasonable and to show small

regard for facts. After the experience of the last great European War there has grown up an impression in many quarters that war is good for trade because it is conducive to the making of large and even excessively large profits. It is quite clear that the Honourable the Communications Member does not wholly share this view and he frankly admits that among the uncertainties that face him in the coming year is the question of whether traffic figures will in fact be maintained at the high levels of recent months. Coming events are said to cast their shadows before them and it cannot be denied that anyone who has tried to appraise the financial prospect of the coming year must have been confronted by ominous signs.

From the deductions that I have been able to make I am certain that Government have been wise to take this view, namely, that while they expect traffic to be brisk as a result of India's war efforts, they fully recognise that if they were to depend on increasing traffic alone for the larger contribution that the Railways must make to the Central Government during the coming financial year, they would almost certainly not obtain anything like the amount that is necessary. In this connection, Sir, I think it may help the public better to appreciate the necessity for the proposed increase in rates and fares, if, in reply to this debate, the Honourable the Communications Member or the Financial Commissioner for Railways would elaborate what precisely is involved by the expiry of the Moratorium under which the Railways have been working during the past few years. So far as we are concerned we have expressed our views on the Convention of 1924 before and I do not propose to detain the House by repeating our reasons for thinking that that Convention should at some future date be re-examined.

I feel, however, that there are many sections of the public that are today puzzled as to the necessity for the proposed increase in rates and fares in the face of what appears to be a sound financial position. Those of us who are familiar with the terms of the Moratorium under which the Railways have been working know very well that this apparent prosperity of the Railways is far from being what it seems and that there is urgent need for the building up of reserves so that when the next trade depression comes along—as it most assuredly will—the Railways may be able to draw upon these reserves both for their own purposes and for the purposes of securing the payment of the substantial contribution that the Railways have to make to Central Revenues. During the coming year the Budget provides, and we believe rightly provides, that the Railways in addition to making a contribution of approximately 4½ crores to Central Revenues should put aside 298 lakhs to reserve. We, in this Group, have in the past adopted the view that the only sound policy for the Indian Railways to adopt is to accumulate reserves during periods when trade is good and as I have said, we are, therefore, in full agreement with the Government of India in its proposal that out of the surplus estimated for 1940-41, 298 lakhs should be set aside for reserve. We have also noted with approval that in the matter of capital expenditure, the Government of India have not forgotten the lesson learnt as the result of the policy pursued between 1924-29. During those years 150 crores of capital expenditure was incurred much of which in our view should not have been incurred or in so far as it was justifiable expenditure it would have been better if it had been incurred in periods of declining trade rather than in periods of brisk trade when prices are high. We

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hope, therefore, that we are right in thinking that a very close watch indeed is being kept over capital expenditure and if the Honourable the Communications Member by reason of a prolonged war should find himself in the position of having made a profit, we hope that that profit will be set aside to reserve and not devoted to capital expenditure that may more advantageously be incurred in the period following the war when general trade is likely to be on the decline and prices in consequence low. If this policy can be carried out it will do much to prevent serious difficulties arising in the engineering and other heavy industries. It will also help the Railways to maintain their traffic returns in a period of declining trade when any serious curtailment of Railway expenditure would be likely merely to accentuate the very troubles that the Railways will at that time have to face. In the opinion of the Wedgwood Committee the goal to be aimed at should be to build up a depreciation fund of not less than 30 crores and a reserve fund of 50 crores and whether or not one expects these precise figures the view of my Group is that in general this policy is sound.

One particular item of capital expenditure however calls for comment at this stage. I refer to the decision of Government to acquire the South Bihar Railway, the Hurdwar-Dehra line and the Bengal-Doors system. This decision is in line with the accepted policy of Government and I need not say more than that it has our support.

I have referred earlier in my speech to the decided improvement that has been observed in Railway financial administration and control. But there are still considerable loopholes which if not blocked will lead to wasteful expenditure on capital account at a time when it is of the highest importance that waste of every kind should be cut down to a minimum. We have given notice of a cut motion to enable us to discuss this question more fully; so I shall not enlarge upon it today.

As it seems to us the large contribution expected from the Railways to General Revenues during the year 1940-41, will almost certainly be necessary if the General Budget is to be balanced. It is on this general ground that my Group support the proposal to increase rates and fares. In this connection the Honourable the Communications Member has told us that the proposed new rates will be very carefully watched and if it should transpire that these have adverse effects upon revenue reductions will be made. We are glad of this assurance. We are glad also that the increased rates will not be imposed upon food grains, fodder, manure, and railway and military traffic and we hope that the Railways will not find themselves forced by reason of any substantial rise in prices or for any other reason to withdraw the exemption of food-grains from the increased rates now to be imposed and that likewise, they will not be forced to impose higher rates on fodder-traffic or on manures. In the case of manures, we presume this includes all classes of artificial fertilisers and insecticides and perhaps the Honourable the Communications Member in his reply will confirm whether we are correct in this assumption. In the matter of the surcharge on coal, we find it difficult to understand how the Communications Member interprets an increase from 12½ per cent. to 20 per cent. in the cold weather months as giving a partial exemption to coal. Coal plays an important part in industrial costs, more especially in some classes of industries and though we fully understand the desire of

the Railway Board to encourage manufacturers to build up reasonable stocks in the slack season we are not optimistic that this can be done to any great extent, more especially in view of the fiery nature of many Indian coals. We anticipate in fact that while in principle it may be sound to discourage excessive coal traffic during cold weather months, in practice it will probably be found difficult for many manufacturers to lay in stocks of coal for more than six or seven weeks. No mention has been made by the Honourable Member as to the position of export coal which it is hoped will continue to be exempt from the proposed surcharge on Railway freights.

Industries far removed from coal producing areas will suffer considerable disadvantage by reason of the removal of the maximum surcharge. This concession has been enjoyed by up-country consumers for several years and we will be interested to learn from the Honourable Member his views as to the justification for its removal.

In connection with the increase of third class fares we cannot but speculate on the effect which the proposals of the Ticketless Travellers. Bill might have had on this revenue had this proposed measure been allowed to become law—the figures of detections of persons travelling with the wrong ticket or without any ticket being so enormous. The decision of the Government of India to embark on the manufacture of locomotives on the scale suggested must mark an epoch in the activities of the Railway Board.

The spokesman of this Group, in 1937, expressed our opposition to this proposal on the facts then before us, but we do not forget that on an earlier occasion we pointed out the desirability of instituting an enquiry by competent technical officers into this important matter. Such an enquiry has now taken place and as a result the Government of India have decided to proceed at an early date with the manufacture of locomotives for broad gauge railways.

This is an important decision and it is hoped that it will meet with the success that it deserves. That success can be achieved only if the scheme is conducted on sound commercial lines if the various departments are manned by the best operative and directing staff available, and if those who are responsible for ensuring this success are unhampered by any of those considerations which in the past and even today tend to inefficiency.

Lastly, Sir, I should like to say a word on the very important passages in the Honourable the Communications Member's speech in which he dealt at length with the cost of living and Government's general attitude towards wages. As the Honourable Member has said, the present level of commodity prices does not justify any general increase in wages by way of special allowances or otherwise and if the Central and Provincial Governments are successful in their attempts to maintain a reasonable stability in the cost of living, we sincerely hope that no large additional expenditure on this account will become necessary. In this connection we notice that the Railway Board is in consultation with the All-India Railwaymen's Federation and that their general policy is to extend benefits in the direction of improved housing, regulation of hours and a further extension of Provident Fund privileges as circumstances permit. If, however, the Railways are subsequently forced by circumstances to make special allowances to meet a rise in cost of living we feel that these

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allowances should be granted in such a form as to make it clear that they are of a temporary and emergency character dependent upon the special circumstances of an enhanced cost of living due to war conditions. We hope also that regard will be paid to the varying conditions in different territorial areas. In other words care should be taken to see that emergency or war allowances to meet the cost of living should not be applied wholesale over the entire railway systems but adapted to meet the varying circumstances of different areas.

Sir, before I conclude I should like to express our admiration of the lucid exposition of the Honourable the Communications Member. It is a matter of regret to all of us that he should be faced with circumstances that will inevitably make it difficult for him to give effect to many improvements in the Railway administration that we know from his past record must be near to his heart—improvements, for instance, in the amenities provided for the lower paid grades of railway staff and amenities for the poorer classes of the public who use the Railways.

But if we regret that his great talents are not to be given an opportunity to deal with normal circumstances, it is equally a matter for congratulation that this important department of the Government of India should at this critical time be in such competent hands as those of the present Communications Member.

**Dr. Sir Ziauddin Ahmad** (United Provinces Southern Divisions Muhammadan Rural): Sir, I should first like to record my protest against the decision of the Government of India in curtailing the time of the discussion on Railway Demands from four to two days. This decision is against the previous convention established in this House. The Government have got a safe majority in their pocket, and it is not desirable that they should prevent Members from expressing the grievances of the people in this manner, because this is the only opportunity provided to us to ventilate the public grievances.

Sir, I join with my friend, Mr. Aikman, in the observation he has made regarding the Honourable Member for Communications, but there are one or two points in which I differ from him. The first thing is about the rates and fares. He said that on account of the rise in prices it is not necessary to raise the wages of the lower paid staff, but at the same time he agreed that the rates and fares should be raised on account of this rise in prices.

**Mr. President** (The Honourable Sir Abdur Rahim): The Chair has to point out to the Honourable Member, as regards the complaint he has made, that the time allowed for the discussion of the demands for grants is fixed by the Governor General and not the Government of India.

**Dr. Sir Ziauddin Ahmad:** Then please substitute Governor General in place of the Government of India, and I withdraw the word protest.

**Mr. M. S. Aney** (Berar: Non-Muhammadan): He cannot be criticised.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member knows that. This is also set out in paragraph 5 of the Circular



which has been sent to the Honourable Member along with other Members. The Honourable Member had better go on with his speech now.

**Dr. Sir Ziauddin Ahmad:** I withdraw. The points which I would like to discuss today, if time permitted, are: the raising of rates and fares, the appropriation of 2.98 crores to the reserve fund, the depreciation fund, the Advisory Committee for Railways, the construction of locomotives and the report of Messrs. Humphries and Srinivasan, budgetary arrangements and capital expenditure, and lastly, an equitable adjustment of salaries. These are the points which I propose to discuss in my speech today.

Coming to the first point, namely, the question of raising rates and fares, I have two complaints. The first is that the Government of India revealed their intention of raising the rates and fares only overnight. I think they followed the example of the Finance Member who announces taxes without giving any warning,—on the last day of February. But they forgot that there is a great deal of difference between the two cases. In one case, namely, customs duties on commodities, there is room for speculation, but in the case of the raising of rates and fares there is no room for such speculation. Nobody can travel in advance and nobody can send goods in advance. Therefore, it was very desirable that this thing ought to have been thoroughly discussed in public, by the Chambers of Commerce, and elsewhere, before a decision was arrived at. My second complaint is that the reasons are not given at all for raising the rates and fares. There is a very general expression, as has been pointed out by my Honourable friend, that on account of the rise in the prices of raw materials it was necessary to raise these rates and fares. But the Railway Member gave us no figures as to why they should be raised. Is it rise in prices . . . . .

**The Honourable Sir Andrew Olw** (Member for Railways and Communications): That was not the reason I gave. In fact, Mr Deputy President has just complained that I have not given that reason in my speech.

**Dr. Sir Ziauddin Ahmad:** Very well. Then my complaint is that he mentioned no reason at all, not even this. The proper course would have been for the Honourable Member to give us exactly the 'constant charges' and 'variable costs' and mention by how much it would be necessary to raise the rates in order to meet his requirements. We know very well that if the volume of traffic increases then the rate per maund always diminishes and it does not increase. Therefore, he ought to have given us exactly what is the increase in the volume of traffic which he expected in the year 1940-41, and how much actual expenditure under the 'variable charges' would diminish. My Honourable friend would have seen in the book by Wood and Stamp that if the charges on 100 maunds traffic be 100 rupees, then the charge for the transport of 80 maunds will not be Rs. 80 and the charges on 120 maunds will not be 120 but they will be 94 in one case and 106 in the other. The cost of transport per maund diminishes with increase in the volume of traffic. So, this thing ought to have been thoroughly investigated and calculated and I hope my Honourable friend will give the reasons in the course of his speech today.

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Let me now give some arguments why this increase should not take place now. At page 4 of the Explanatory Memorandum is given the percentage of net traffic receipt to capital at charge for British Railways and for Indian Railways. For British railways it is 3.78, 3.07 and so on, that is, all of them are less than four per cent. In the current year for Indian railways he expects 4.2 and I think it is not desirable considering the general conditions of the country to raise this from 4.2 to 4.8 by increasing the rates and fares. At page 14 of the Chief Commissioner's speech it is said that:

"The net revenue for commercial lines only gives a net return of 5.2 per cent, which compares very favourably with the results of railways working in other countries of the world."

This looks very nice if there had been no increase in the rates and fares, but with the artificial rise of  $12\frac{1}{2}$  per cent, I think the increase is not very desirable.

My second argument is about the working or operating ratio. I have got before me the working or operating ratios of the railways in different countries of the world, and I find that the working ratio in India is the second lowest from the bottom, Japan only coming next. I shall just give the figures. In Germany the working ratio is 96.0—I have taken the figures for 1937-38 which are the latest figures available—on the Belgian railways it is 98.7, in the case of Swiss railways it is 66.40, in the case of the National Canadian Railways it is 91.12 and in the case of Indian railways it is given as 66.25. But, at this stage, I may mention one point, which is rather an important point. India has got two working ratios, one with depreciation and the other without depreciation which is really contrary to the practice of other countries, and both of them are to my mind fictitious. We should follow the example of other countries and have only one ratio. I have taken pains to find out a formula by means of which the true working ratio can be calculated. According to which I have calculated the true working ratio of the last 16 years. The true working ratio for India is only 59.2 per cent. Now, what is the object of finding the operating or working ratio? It is to test the efficiency of the working of the institution. The working ratio of 66 is supposed to be the correct ratio. If you lower it it means you are economising at the expense of the staff. If you raise it it means inefficiency. Therefore, we ought to aim at a working ratio of 66 per cent and by raising the rates and fares you further reduce the working ratio by  $2\frac{1}{2}$  points and I think a diminution of the working ratio at the present moment is not very desirable. You rob users of Railways and you rob your own staff.

My third point is that any tax which you levy should be economic and justifiable and the entire amount imposed by taxes should be realised. If you levy a tax of two crores and the tax is not realised, then it is not an economic tax. It means that the law of diminishing returns has set in or in Railway phraseology 'you are charging what traffic cannot bear'. If my friend has increased the rates by  $12\frac{1}{2}$  per cent., then he ought to get  $12\frac{1}{2}$  per cent. net revenue increase, but we find that he is getting only 7.4 and if we allow the normal expansion in the current year due to war conditions, the increase will not be more than four per cent. By levying a tax of  $12\frac{1}{2}$  per cent. you are getting only four per cent.

My fourth point is that by this method, you increase what they call the 'station to station' rates and also the 'scheduled rates'. Therefore, the result will be that most of these 'class rates' will be changed into 'station to station', and 'scheduled' rates which will give rise to favouritism.

Now, I tried to find out what are the real arguments behind this and I could not find any reason at all. Then Hatif came to my rescue, while I was sleeping he whispered into my ears and gave me the procedure adopted in this case. This is what he said. Mr. X gave a dinner party at his house to which he invited some friends,—Alpha, Beta and Gamma. They were all talking after a good drink. One of the guests said the Commerce Member is coming up with this 12½ per cent increase in prices and probably the Finance Member will also increase the income-tax by 12½ per cent. and why should we not share in the loot? Mr. X jumped upon the suggestion and it resulted in the speech of my Honourable friend. This proposal has come up without any previous discussion of any kind.

Now, Sir, I come to the next point. That is the appropriation to the depreciation fund. My friend, Mr. Aikman, referred to this moratorium but, at the same time, we cannot get over the Convention of 1924 which I think the Government are bound to observe. I shall deal with two clauses of this Convention. Clause 3 of this Convention says that

"Any surplus remaining after this payment to general revenues shall be transferred to a railway reserve; provided that if the amount available for transfer to the railway reserve exceeds in any year three crores of rupees only two-thirds of the excess over three crores shall be transferred to the railway reserve and the remaining one-third shall accrue to general revenues"

Clause 2 clearly says this

"subject to the condition that, if in any year railway revenues are insufficient to provide the percentage of one per cent on the capital at charge surplus profits in the next or subsequent years will not be deemed to have accrued for purposes of division until such deficiency has been made good"

That clearly shows that unless you fulfil your obligations to general revenues the surplus profit has not accrued and, therefore, it cannot be deposited in the reserve fund. This clearly shows that you have to pay back the arrears of revenue before the surplus has accrued or before it can be deposited in the reserve fund. Therefore, so long as the Honourable Member wishes to honour the Convention of 1924 it is constitutionally wrong to put any amount in the reserve fund. He ought to have paid 2.98 crores to the general revenues and relieved us from further taxes; and, after the obligations to the general revenues have been met, then and then alone the amount should be debited to the reserve fund and I request him either to modify this Resolution of 1924 by bringing in another Resolution, or repeal it altogether. In the absence of repeal or amendment, the Resolution of 1924 should be followed; but don't tear it off as some of the European countries are tearing off the political treaties

Then, Sir, I have been pressing year after year this practice of setting aside a very large amount in the depreciation fund is against the practice of any other country and I think this thing has been devised in order to cheat the general revenue. The present system of building up a reserve of indefinite amount, under the name of depreciation fund, is unfair to the taxpayers, to the railway administration and railway employees. It is

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unfair to the taxpayers for this reason. According to clauses 2 and 3 of the Convention which I have read out, surplus can be credited to revenue after discharging the obligations of railways to general revenues. It is unfair to the railway administration and the employees as under the false name of depreciation we show an artificial deficit. The operating ratio is increased, which is a slur on the administration and results in retrenchment and cut in salaries. I shall just read to the House an extract from the speech which I made in this House two years ago and I shall go on pressing this point until the grievance is redressed. I said

"Money spent in renewals and repairs is divided into three parts. One part is debited to the account of depreciation, one part under the account of the working expenses and one part is called capital expenditure and is met by fresh borrowing. Now, to allocate the portion of these three divisions, we require three highly paid accountants which the Railway Board provides for this work. May I ask whether such a big amount is kept in the Depreciation Fund anywhere outside India? If the Railway Board do not deposit four crores in this way, they will be able to pay four crores to the general revenues in payment of their obligations."

**Mr. President** (The Honourable Sir Abdur Rahim) The Honourable Member has only two minutes more.

**Dr. Sir Ziauddin Ahmad:** All I will say is that this is against the practice of every other country. I have got before me the amount spent in renewals and replacements from the year 1924-25 and I find that the average is only 8½ crores. It is the amount actually spent on renewals, then why not take only Rs. 8½ crores for replacements and renewals and keep the balance to meet the other obligations. The next point **12 Noon.** I would like to take up is the report of the Railway Advisory Committee. As regards the Railway Advisory Committee, the Retrenchment Committee of 1931 definitely recommended that it should be an *ad hoc* committee, and then it pointed out that in five years the committee had tried twenty-three cases, that is, less than five each year, and the amount which they spent was about one and a half lakhs, and therefore the Retrenchment Committee recommended that it ought to be an *ad hoc* committee. The Wedgwood Committee also recommended that the Government of India should look into the matter. Now, the Railway Board supported this Committee in a memorandum on two grounds, which I reviewed. The first point is this. It stated that there are certain committees like the inter-State commerce Commissions in America, and the railway and canal traffic committees which are really of a permanent nature, but I think there are a good many people who understand the constitution and functions of both these bodies. The Memorandum forgot to say that the objects and functions of the Advisory Committees on Railways and of the inter-State commerce Commissions alluded to are entirely different. There is no analogy.

**Mr. President** (The Honourable Sir Abdur Rahim) The Honourable Member's time is exhausted.

**Mr. N. M. Joshi** (Nominated Non-Official). Mr. President, during the short time at my disposal I propose to content myself by making a few observations on the policy which the Government of India are following in their railway administration. Sir, it gives me great pleasure to find

that an old friend of mine is at present in charge of railway administration. It would have given me similar pleasure or even greater pleasure if I could agree with him in the policy which the Government of India are following on different matters connected with the railway administration.

I shall first deal with the policy of the Government of India in respect of labour matters. I must admit that the Honourable Member for Railways has shown his interest in this subject by devoting a little larger space in his speech to explain his policy than some of his predecessors had done. There are also indications that the Honourable Member means to make some progress in treating the employees of the Indian Railways better, but I feel that the policy which he is following or the Government of India are following under his advice is not bold and adequate. Secondly, Sir, I also find that the Honourable Member is a victim of a delusion created by frequent critics of the demand of the railway employees for bettering their conditions of life and work. All Honourable Members know that prices in India have gone up on account of war conditions.

**Sir Abdul Halim Ghuznavi** (Dacca cum Mymensingh, Muhammadan Rural): They have gone down.

**Mr. N. M. Joshi:** They are still up. Sir, the prices are up, they have not yet gone down to the normal.

**Sir Abdul Halim Ghuznavi:** They are going down.

**Mr. N. M. Joshi:** Sir, when my Honourable friend to my right speaks, he will deal with the subject as to how the prices have gone down. The prices have gone up and the Honourable Member for Railways does not deny that fact. Ordinarily, everybody would expect that under these circumstances the Government of India would agree to an increase of wages of the railway employees. Unfortunately, the Honourable Member does not give any hope of the wages of the railway employees being brought up to such a level as to adjust itself with the price level. Sir, in denying this justice to the railway employees the Honourable Member gives some arguments which, in my judgment, are not fair and I feel he has not given sufficient attention to this matter. The Honourable Member first states that the wages of railway employees are more or less rigid; they were not reduced when the prices had gone down. There is no doubt that the wages of some classes of railway employees were not reduced when the prices had gone down. But, it is equally true, and the Honourable Member will admit that lower scales of pay were introduced on Indian Railways for new entrants and at least to the extent to which the wages and salaries of the new entrants are concerned, even the argument that the wages are rigid does not hold good. Even as regards the old railway employees whose wages were not reduced when the prices had gone down, the real thing to be considered is whether the old rates of pay were just and fair. If the old rates of pay were not just and fair and were not enough to provide railway employees with a comfortable living, then there is every ground for increasing the wages when the prices of articles have gone up. It all depends upon whether the original rates of pay were just and fair. If they were not just and fair, then what the Government of India can do, when the prices have gone up, is at least

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to bring the wages up to the level of the rise of prices. I would, therefore, suggest to the Honourable Member that he should make a proper inquiry whether the wages of railway employees in India are sufficient to give them a comfortable life. Once we establish that fact, then it would be possible for the Honourable Member to say that he would make the wages and salaries rigid and that he will increase them as the financial circumstances and opportunities permit but that he will not allow ordinary rises in prices or decreases in prices to affect wages and salaries.

Sir, the Honourable Member gives another argument that if the conditions of life and work of the railway employees are improved beyond what they are today, the burden will fall upon the masses and I feel that he is right that the burden generally falls in India upon the masses. But, in the first place, if the Government require money for improving the conditions of railway employees, it is not necessary that that burden should fall upon the masses of people in this country if they would follow right taxation policy. But the Government of India follows a wrong taxation policy and throw the burden of the additional money required upon the masses instead of throwing the burden upon those who have broad shoulders and who are better able to bear the burden. If the Government of India follow a proper taxation policy, that burden need not fall upon the masses of people in this country. Moreover the Honourable Member, when he talks about the primary producers, sympathises with them for not having equally benefited by an adequate rise in prices, I think he has not given full thought as to who benefits by the rise in prices of grains and the primary products. You know, Sir, that in India the large mass of primary producers are first, people who own very small pieces of land and who by cultivating a small piece of land do not get sufficient means of livelihood for the whole year. It is an admitted fact that an Indian agriculturist can manage to live only for four or five months by his agricultural produce and the ordinary agriculturist has not surplus to sell. Secondly, the large mass of the tenantry in this country who form another large mass of primary producers does not get sufficient to eat for the whole year. They get some stock of grain but that is not enough for the whole year and they too have hardly anything to sell to the public in order that they should get the benefit of the rise in prices. Similarly, the agricultural wage-earner not only does not get any benefit in the rise of prices of food grains but he actually loses. I, therefore, feel that the Honourable Member is thoroughly mistaken if he feels that the large masses of people in this country get the benefit of the rise in prices. There are classes of people who do get the benefit of the rise in prices. The first in that class is the class of landlords, people who possess large pieces of land and who have got grains to sell after keeping grains for themselves. In the first place, it is that class of people who benefits by the rise in prices. The second class of people who benefit by the rise in prices is the middlemen,—people engaged in commerce and trade in this country. But the Honourable Member for the Railways is utterly mistaken if he feels that the rise in prices of the primary products, especially rise in prices of grains, will benefit the vast masses of people in this country. If, therefore, the conditions of the railway employees are improved and if the burden falls upon the masses of people in

this country, it is due to the wrong taxation policy which is followed by the Government of India, and if there are any people who will gain by the rise in prices, it is the landlords and the middlemen. Therefore, it is wrong to state that if the conditions of the railway employees are improved, the burden of improvement must necessarily fall upon the masses of people in this country. I shall be the last man to ask this House to do anything, even to better the condition of the railway employees, at the cost of the masses of people in this country who are poorer than even the industrial workers. The Government of India are following a wrong taxation policy and that is at the root of the unfairness or injustice done to the masses of people in this country.

The Honourable Member in charge of Railways has proposed certain improvements in the conditions of the railway employees. For the last two or three years I have been pressing the Government of India to undertake one very essential reform and to remove one of the greatest injustice in their railway administration, by providing provident fund for the low paid railway employees. I am glad that the Honourable Member for Railways admits now that the reform is necessary and I am also glad that he is willing to undertake that reform to some extent. He does not state clearly what he is going to do but he states that he has provided a sum of money—I think 12 lakhs—to be spent on certain improvements in the conditions of life and work of the railway employees. What money he proposes to give to the institution of a provident fund for the low paid railway employees he does not state. He only says that the total amount of money required for this purpose is 72 lakhs. Although the Government of India, in my judgment, could spare 72 lakhs, even out of this budget, for instituting a provident fund for the lower paid employees, still I must thank the Honourable Member for Railways for introducing the system of provident fund for the lower employees even by instalments or by stages.

Then, Sir, the Honourable Member also proposes to spend some amount of money in order to apply the Hours of Employment Act to certain Railways to which the Act was not applied so far. I must also congratulate the Honourable Member for having done this reform. This reform was long delayed and it was a blot on the Government of India that they should have ratified a Convention and delayed taking action on that Convention for so many years. Well, Sir, the Government of India propose to devote 12 lakhs for introducing certain reforms in the life and work of the railway employees. The Government of India state that they propose to consult the All-India Railwaymen's Federation as to how to spend the 12th lakhs. I think the Government of India seem to have adopted a very clever device in making the different sections of the railway employees fight amongst themselves. Well, Sir, the railway employees want a very large amount of money. The Government of India propose to set apart only 12 lakhs and then they propose to consult the Railwaymen's Federation and ask them whether they would like to have the provident fund concession first or whether they would like to have the Hours of Work reform first or whether they would like to have some war bonus.

**The Honourable Sir Andrew Olow:** Perhaps I might just make an explanation. This 12 lakhs has nothing to do with the Hours of Work. There is a separate provision for that.

**Mr. N. M. Joshi:** I am very sorry for that slight mistake. The mistake is slight because even if we omit the Hours of Work reform the reforms which the Government of India propose to effect out of 12 lakhs are large and many and there is no doubt in my mind that it will not be easy for the All-India Railwaymen's Federation to decide whether the provident fund should come first or whether the war allowances should come first.

**Mr. President** (The Honourable Sir Abdur Rahim). The Honourable Member has two minutes more.

**Mr. N. M. Joshi:** I shall not detain the House longer than two minutes. I submit it was not right on the part of the Honourable Member to place that burden upon the all-India Railwaymen's Federation. What the Honourable Member could have done is to set apart a larger sum of money. If the Honourable Member will examine some of the financial reforms which he proposes to make he will find that if he had delayed these reforms he could have found enough money for the provident fund and for other reforms. For instance, the Honourable Member proposes to set apart a large reserve fund. I am not against reserve fund being built up. It is a sort of equalisation of dividend and wages fund. It is necessary, but in judging these matters we have to see which reform is very urgent. I feel that the removal of injustice of the provident fund and the question of giving war bonus to the railway employees must certainly get priority in this claim. Reserve fund may be necessary, but it is not as necessary or as urgent a reform as those which I have stated. I would, therefore, suggest to the Honourable Member that he should not take up matters which are not urgent such as reserve fund and thus delay reforms. Moreover, the Honourable Member knows very well that he cannot spend the depreciation fund which he is accumulating. On the other hand you also know that the depreciation fund is so large that there are raids on the same. If the Government of India cannot spend the amount which they have set apart for the depreciation fund, how can any one prevent raids? If the Government of India go on hoarding money, which they know they cannot spend, these raids on the fund cannot be avoided. But if the Government spend money on labour welfare instead of accumulating unnecessarily a large depreciation fund, there will be no fear of raids. There are many similar things in the financial policy of the Government of India which I can point out. If the Government of India would delay these reforms—I am prepared to admit that they are reforms—the Government of India will have enough money to improve the conditions of life and working of the railway employees. I hope the Honourable Member for Railways who in my view has no doubt a genuine sympathy for the working classes will follow a bold policy and not follow a policy of going very slow, so slow that there will be no appreciation for the reforms which he may make.

**Dr. P. N. Banerjee** (Calcutta Suburbs Non-Muhammadan Urban): Sir, the speech of the Honourable Member for Railways is a reminder that we are living in an age of inconsistencies. The Railway Member is inconsistent with himself, and the arguments advanced by him and by Sir Guthrie Russell are a bundle of inconsistencies. The Honourable Sir Andrew Clow, so far as I know, is a good man, but the first budget presented by him is a very bad one. It is so bad that it has already evoked protests from every part of the country.



**An Honourable Member:** No fault of his.

**Dr. P. N. Banerjea:** I will examine whether it is his fault or the fault of the Government of India. It is not probably his fault, but he voices the Government of India's views

This budget seeks to increase the burden of individuals as well as the community as a whole. The increase in railway rates will very adversely affect all travellers on railways and as railway travelling has become now-a-days a matter of real necessity, this increase in rates will be keenly felt by all classes of people. It may be said that exemption has been made in the case of third-class passengers travelling distances of 50 miles and less. But that concession has not been made in a spirit of generosity. Whenever the Government in this country wish to tax people, they trot out high principles. The other day the Honourable the Finance Member, while speaking on the Excess Profits Duty Bill, said that his Bill was based on social justice. Now, my Honourable friend, Sir Andrew Clow, seeks to make out that the increase in fares is coupled with a concession in favour of the poorer classes. But that is not so. He merely wants to safeguard the interests of the railways as against bus traffic. But whether he will succeed or not is doubtful. The Honourable the Railway Member also exempts agricultural products like food, fodder, and so forth. But this also is not being done in the interest of the agriculturists who are poor, but this is in the interest perhaps of Britain and France which require raw materials of this country.

My own view is that this increase in rates and freights will very adversely affect the industry of the country. For nearly one decade Indian industry passed through a period of unprecedented depression and it has been only during the last two or three years that it has been recovering slowly and gradually. Now, to put such a huge burden on industry is extremely undesirable. The Honourable Sir Guthrie Russell, speaking in the other House, said that the burden on industry would be very small. He said

"The enhancement in most cases is insignificant, especially when compared with the increase that has already occurred in the price of nearly every commodity."

The words "nearly every commodity" were in the original draft and they have now been changed into "some important commodities". However, what is the argument? The argument is this: the prices of commodities have already increased and if we increase the prices to a further extent, no harm will be done. I hope the Government know the old proverb, "the last straw breaks the camel's back"; for a Government to trot out such arguments is the height of absurdity. That industry in India will be adversely affected to a great extent is clear from the opinions we have received from various Chambers of Commerce and industrialists. Sir, I hold in my hand a telegram from the President of the Bengal Industries Association which runs thus:

"The proposed enhancement of railway freights will seriously jeopardise the position of industries. In face of fair profits of railways this year, such enhancement is most unjustifiable. Manufacturers will have to pay increased rates twice in transporting raw materials and finished goods."

Then, Sir, there is the question of what will happen to those who made contracts when the railway rates were not enhanced. What will

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happen to those contracts when the rates are enhanced. It is urged in this telegram.

"If Government are not prepared to reconsider the question provision should at least be made for granting proportionate increased prices to manufacturers in case of Government contracts and the right of cancellation in case of private contracts."

This is quite a just and fair demand, but I do not think it will be complied with. It is clear, therefore, that the proposed addition in rates and fares will impose a heavy burden on industry, and as an economist I feel it my duty to record my emphatic protest against the proposal.

Now, Sir, what is the justification for this increase? The justification is given on page 9 of the Honourable Member's speech:

"If railways fail to take advantage of times when the demand for their services is brisk, the inevitable result is that when the demand falls off, they will be unable to meet their obligations to the Government."

So it comes to this, that the rates and freights must be increased, be it a period of depression or be it a period of recovery. My Honourable friend seeks to justify it on the ground that, in future, when depression comes it will not be necessary to enhance the rates. But the future Railway Member,—I do not think another depression will come in the time of Sir Andrew Clow,—will be able to find out another plea for enhancing the rates once more. So the attitude of the Government of India is, "Heads, I win, tails, you lose." In any case they must have their demand.

If Government had been really sincere in safeguarding the interests of the taxpayers they would have waited for a further recovery in the industrial and commercial position of the country. In the normal course of time they would have been able to contribute to the general revenues of the country to the fullest extent and to lay by a considerable sum year by year for the Reserve Fund. I may in this connection point out that Government would not have had to wait long. In 1938-39 the surplus was 137 lakhs; in 1939-40 it is 361 lakhs.

**The Honourable Sir Andrew Clow:** No, that is the estimated figure and that includes, of course, part of the enhanced rates.

**Dr. P. N. Banerjea:** Yes, to the extent of 30 lakhs. I will deduct that and say that in 1939-40 the surplus will be 331 lakhs, and that includes seven months of war activity. If we take twelve months of war activity what will happen? There is no reason to suppose that the war will come to an end soon; it is very likely that it will continue during the whole of the ensuing year. Therefore, we may, on a modest calculation and in the proportion that has been taken by the Honourable Member, estimate 300 lakhs as the increase in the coming year,—so that we will have something like a surplus of about 631 lakhs. And, when we have that surplus, we shall be able to pay the contribution to the general

revenues to the fullest extent, namely, about 4½ crores, and will be able to set aside for the Reserve Fund a sum which will be slightly below two crores of rupees. This will be the correct estimate. I am afraid the estimate made by the Honourable the Communications Member is an underestimate. I do not wish to ascribe any motives, but I must emphasise the fact that his estimate is an underestimate.

This brings me to the method of replenishing the Reserve Fund and making a contribution to the general revenues of the country. Sir, I am not in favour of altering the Convention which was arrived at in 1924. The railways should be able to make a regular contribution to the general revenues of the country and they ought also to be able to create a substantial Reserve Fund. But what is the best way of replenishing the Reserve Fund? It is not by means of fresh taxation but by taking advantage of renewed commercial and industrial activity. In the normal course the Government will be able to replenish the Reserve Fund and put it in a sound position. The Honourable Member says in the concluding paragraph of his speech:

"No great business should be obliged to live a hand-to-mouth existence and the only sound policy is to endeavour during the good years to put something aside for the bad ones."

I entirely agree, but how should you put aside something in good years for the bad ones? Not by means of fresh taxation but by economising your resources. That is the proper way to deal with the finances of a country. If the finances of the railways are in a bad condition, what are the reasons? The main reason is that the administrative charges as well as the capital expenses are very high in the Railway Department. A few years ago, huge palatial buildings were built for the Cawnpore and Lucknow railway stations, which surely could have been avoided. Then, Sir, in ordinary revenue expenditure also there is a great deal of waste, and although we often hear of a watchful eye being kept in expenditure that has in reality never been done. Expenditure can be reduced in various directions and, particularly, in respect of the top-heavy administration. The higher services are very highly paid,—I may say too highly paid,—and the number of officers in these higher ranks is far too large. Economy can be obtained by reducing the number of posts and by replacing non-Indians by Indians.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member has two minutes more.

**Dr. P. N. Banerjee:** I will finish in two minutes. During the last fifteen years there has been some advance towards the Indianisation of the higher grades of services in the Railway Department, but this policy has not gone far enough. Even at the present moment nearly one-half of the gazetted services are manned by non-Indians. In spite of the protests of this Assembly and the public, this has gone on, and the time has come when this policy should be changed. What the country demands is complete Indianisation of the railway services at an early date.

There is one good feature in the budget and that is the decision with regard to the building of locomotives for the broad-gauge lines. If it had stood by itself the Honourable the Railway Member would have been

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flooded with congratulations As it is, taken with the taxation proposals the meed of praise is not so great. Personally, I thank the Honourable Member for this decision.

Before concluding I should like to say that the new taxation proposals will create a good deal of discontent, and as there is already considerable unrest in the country, it is not desirable to add to it. I would, therefore, ask the Government to pause and seriously consider the likely effect of their proposals and then finally decide

**Lieut.-Colonel Sir Henry Gidney** (Nominated Non-Official). Sir, I desire wholeheartedly to associate myself with previous speakers who offered their sincere congratulations to the Communications Member on his speech. Sir, I have been a Member of this Honourable House since its inception and I have listened to a good many railway speeches, but I can assure the Honourable Member that I have not yet listened to a speech so lucid, so dignified, so sympathetic and so full of the human touch, particularly towards the railway employees. This is the bouquet which I desire to present to the Honourable the Communications Member, but I wish this bouquet consisted of roses only. There are, however, a few thorns in it and if I do pointedly refer to these thorns I hope they will prick the Honourable Member badly and that he will accept them as constructive criticism, not in the position of a capitalist, as is the leader of my group, but as coming from one who is closely associated with labour for many many years and who knows the burdens under which they are, today, groaning.

If I were to sum up this budget, I should call it an effort on the part of the Honourable the Communications Member and of the Government of "making hay while the sun shines". The Honourable Member admits that the surplus he has presented to this House is due entirely to war conditions and that the war will continue for some time: and, yet, he finds it necessary to increase rates of freights and fares for passengers. It was only the other day that this House dealt with and is now considering the Excess Profits Tax Bill, meant to deal with those business concerns which made large profits out of the war. But, strange to relate here we have the largest business concern in India,—the railway administration,—taking advantage, if I may use that word reservedly, of a war situation, not with a desire to balance the budget, not with the desire to relieve the public, not with the desire to assist the poor labourer or the underpaid Railway employees but mainly with a desire to increase the revenues of the railways and to augment the reserve fund and to make more profits. With all respect to the Communications Member I feel this is not an opportune moment to have embarked on this policy. The Honourable Member admits that the passenger traffic is going down even now.

Sir, I am no expert in rates and fares and I have no desire to vie with experts who have advised him, or to advise the Honourable Member, but it does strike me as being an extraordinary piece of logic, when passenger traffic is going down, that Government should increase the fares of those passengers. It is a well-known economic axiom that salaries

and wages seldom rise in proportion to price levels. I submit, with all respect, that this increase will adversely affect traffic during the war owing to the increase in the prices of commodities. The Government of India admits that the railways have been making a good profit, indeed an enviable profit as compared with other foreign railways—dividends of 3-6 to now over 4 per cent. Furthermore he knows that we have the war filip to increase these profits and, so, I would ask him to be content with that. Why does he desire to increase the freight and passenger rates? To use his own words, it is to satisfy or to correct "the melancholy state of the reserve fund", which he said stands today at the insignificant amount of 48 lakhs. Surely, this condition has not been realised only today. It has existed for years. But it seems to me the Government has waited for the opportunity of the present war to better their railway finances by contributing towards the reserve fund 3½ crores and more, or 700 per cent more. The Chief Commissioner for Railways in another place alleged that the contemplated increase was insignificant when compared with the increased prices of commodities. Viewed from any angle of vision, I opine a statement like that is not creditable to any government servant. If Government is prepared to increase rates and fares during prosperous years, all I can say is that it is a piece of sanguinary profiteering. I do not wish it to be understood that I am against any freights or rates increase. These are necessary at times. I am merely voicing my objection to the spirit which I feel pervaded the Honourable Member's speech in trying to retrieve the railway financial position—in other words, as I said before, of "making hay while the sun shines". I shall not repeat what the Honourable the Deputy President said in his speech with reference to the Transport Minister in the House of Commons in taking over the control of the British railways—he said Government would not increase railway fares and if it did it would have to justify it to the House. I should like the Honourable Member to take a leaf out of that book and apply it to his desire to increase passenger rates. I submit, Sir, with all respect, that this imposition of taxation is in spirit contrary to the object of the Excess Profits Tax Bill which Government has introduced into this House, and I am sorely tempted to add that this Honourable House should seriously consider why the Excess Profits Tax Bill should not be applied to the surplus earnings of the Railway Department which has been made as war profits. I am glad to know, however, that foodstuffs, grains and fodder are to be exempted. As to the exemption of the 50-mile radius from the increased fare for passenger traffic, I do not think there is much in it. Indeed I would call it an attempt to "throw a sprat to catch a mackerel". It is an effort to show the Honourable Member's concern for workmen who make short journeys and others. As a matter of fact, I am inclined to look upon it as a serious attempt made to vie with the severe competition Railways are today experiencing from bus traffic.

I am glad, Sir, and I congratulate the Honourable Member on the human touch he has shown, and which has characterised his career in the Government of India which I have watched from its infancy as it were up to now,—I am glad he has shown a certain measure of concern to a demand which has been dinned into the ears of the Railway Department for years past and to which they have, so far, turned a deaf ear,—I refer to the Provident Fund. The Honourable Member has been pleased to

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satisfy not in entirety the demands made by railway employees for this relief; he has proposed to follow a piecemeal policy, for which small mercy I thank him. I should, however, like to know what he exactly intends to do with the 12 lakhs allotted for this purpose. He said he would discuss it with the All-India Railwaymen's Federation. Sir, I have something to say about this Federation which may displease certain Members in this House. Sir, I stand in this House as one who is very much interested in railway matters, because most of my people are so employed, and I say here whatever may be the status and organisation of that Federation in the eyes of the Railway Member it cannot by any stretch of imagination be said to represent the views of members of my community or of the Railways as a whole—nor can its decisions be said fully to represent the views of all employees in the Railways. The Railwaymen's Federation consists of a caucus composed almost entirely of a certain community . . . . .

**Mr. N. M. Joshi:** No, no

**Lieut.-Colonel Sir Henry Gidney:** My friend, Mr. Joshi, may say "No". But I repeat it is a political caucus. That Federation is not recognised by many Unions who look upon it as a political body used by extreme politicians to further their ends. The Muslim Association is not in it. The All-India National Railway Union are not in it. The Anglo-Indian, Domestic European Association refuses to join it—and therefore it cannot be considered as the representative voice of all railway men in India. I submit that in all such conferences between the Railway Board and Railway Unions, as I pointed to the Honourable the Railway Member's predecessor, the Honourable Member in charge of Railways should call a conference of all those communities who are engaged on railways and so get their individual and collective opinion. It is then and then only will he be able to get the real voice of the railway employees. Theoretically the Honourable Member may be right in saying that the cost of living has not gone up, but let me assure him, coming as I do from the capital town of Calcutta, that the cost of commodities has certainly gone up, in spite of punitive measures adopted by Local Governments, and the staff as a whole are finding it difficult to make both ends meet . . . . .

**The Honourable Sir Andrew Clow:** I did not say that the cost of living had not gone up.

**Lieut.-Colonel Sir Henry Gidney:** The Honourable Member said that the cost of commodities has gone up but I repeat the cost of living has gone up. I may be wrong, but I do say that the cost of living has certainly gone up. I find, Sir, that prices in Calcutta have gone up by leaps and bounds and the lower paid employee is finding it very difficult to live. Sir, I know, from personal experience, how seriously the cost of living has affected the railway employees on the new lowered scales of pay—starvation wages.

The Honourable Member, Sir, has been kind enough again to show further evidence of the human touch, and that is the possibility, should circumstances demand it, of giving a 10 per cent allowance to those employees on daily rates and to inferior servants who I am sure are very

grateful to him for this promised consideration, and for which he richly deserves the thanks of this Honourable House. But I submit it is distinctly unfair for him to ignore the facts of the situation and to close his eyes to the realities which face him. While I agree that the inferior servants **deserve an increase of salary**, I contend that such relief should be given to all employees on railways, because increase in the prices of commodities affects every one in an equal measure. In this connection might I ask if Government is seriously desirous of lowering the cost of expenditure of the Government of India, why do they not consider the question of lowering or forfeiting for the duration of the war the concessions granted to officials, etc., by the Lee Commission and so save for the exchequer about one crore of rupees? Why allow the subordinates to suffer? Why not accept them as beneficiaries to your surplus, for, it was they who largely helped you make this big profit which enabled you to more than balance your Budget? The Honourable Member also says that the average remuneration of the staff has risen, but speaking as a Member of the Anglo-Indian community whom I represent here, may I tell him without fear of contradiction that there is an average decrease of 25 per cent and over in their emoluments today as compared with 1929. I repeat, the "average" increase to which the Honourable Member has referred has risen but this is attributable to the increases granted in the salaries of the inferior staff during the years subsequent to 1929, when such increase was considered very necessary. This average does not, therefore, present the real position of the reductions effected in the salaries of categories of staff whom I represent. I regret that the Honourable Member's speech suggests that service conditions on Railways are better than private employment, as far as emoluments are concerned and, therefore, he assumes that it is unnecessary to make any improvements. Let me disabuse the Honourable Member's mind. Many firms in Calcutta today have enhanced the wages of their employees, owing to the increase in the cost of commodities. Government were not slow in bringing forward the proposal for a 10 per cent cut during the depression period in 1931, but when today the Railways are distinctly making a profit, an enormous profit unprecedented within the last decade or two, I opine that the Honourable the Railway Member should have voluntarily come forward and offered an increase of wages at least to those who are on the new scales of pay. The Honourable Member has admitted that the cost of staff per train mile has been falling for some years and is now no higher than it was in 1922. Again, Sir, as a representative of a small labouring class that has played a great part in the Railways I cannot congratulate him on having worked towards this object. If anything, this is on the contrary sufficient reason for the grant of a special allowance to the staff during the period of the war, at least to those who are on the revised scales of pay to enable them to meet the enhanced cost of living.

The most pleasing feature in the Honourable the Railway Member's speech, and which is another instance of his desire to satisfy the demands of this House, is the prospect of manufacturing locomotives in this country. Sir, I believe I was the first in this Honourable House to raise this question and every year since then the House has been impressing upon Government the desirability of undertaking the manufacture of locomotives in this country, but, in the past, whenever this question was raised, we have been told that it was an uneconomical problem and that the demand made by the Indian Railways for locomotives did not justify

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the manufacture of locomotives in this country. I am, therefore, glad it has fallen to the lot of the present Honourable Member to promise this demand and I hope that undue delay will be avoided in putting it into effect.

Sir, I have recently had occasion to examine certain aspects of railway administration, and rightly or wrongly, I feel I must give expression to my findings on the matter. If I am wrong I shall stand corrected. If I am right, I hope the Honourable Member will pay due attention to it. Sir, it appears to me that on the State-managed Railways there has been a large increase in the recruitment of the number of railway officials as well as certain classes of subordinates, while the figures for Company-managed railways have been comparatively lower. I am aware that three or four of the State-managed railways are perhaps the largest in India. I am also aware that the total mileage of the State-managed railways is certainly more than that of the Company-managed railways. This may be one of the reasons for the increase in the number of railway officials on the State-managed railways, but in my opinion it is also due to some of these State railways being uneconomically run, and on which it spends quite a lot of money unnecessarily. Another factor is the loss incurred on the strategic railways, *e.g.*, the North Western Railway. Leaving these considerations aside for the moment, may I instance and support my complaint by stating that, whereas on the four State-managed Railways between the years 1935 and 1938 the average recruitment of subordinates was 4,000 per annum while, on the seven Company-managed railways, it was just over 2,000 per annum. Referring to officials on State railways during the same period, 60 officials have been appointed including the lower gazetted service, whereas on the Company-managed Railways 49 officers were recruited, including the promoted officers. Sir, I submit to the Railway Board that this matter should engage their very careful attention, and I further submit it is likely that the position is one which has been largely due to undue political pressure being brought to bear on the administration of the Railways in recent times and no administration can be efficiently run on such lines. In fact, it sacrifices its 'safety first' policy to political consideration and I strongly condemn this.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member has two minutes more.

**Lieut.-Colonel Sir Henry Gidney:** I would, therefore, ask the Honourable Member in charge not to adopt the policy of cutting his nose to spite his face. I know, many in this House will think that I am condemning myself in making this statement, but let me make it clear here and now that as far as the Anglo-Indian community is concerned, there has been no increase in employment in railways. Indeed the employment figures of the Anglo-Indian community have gone down considerably, ever since the introduction of reservation in 1934. Indeed, Anglo-Indian figures have gone down steadily ever since the system of reservation was commenced in 1934. Before that year, Anglo-Indian subordinates were 11 per cent and over but since 1934 it has steadily reduced till, today it is below the prescribed 8 per cent and in the last Railway returns is between 8 and 7 per cent. And so, Sir, I do not plead guilty to that as far as my community is concerned.



There are many matters which relate to the disabilities of the staff, viz., railway passes, direct recruitment into grades, rules regulating grant of allowances—particularly Sunday allowances, refusal to confirm employees with 15 years' temporary service, e.g., drivers, the bridge engineering department at Mammad, G I P Railway, etc., but I would just refer to one or two points before I sit down. It seems to be the habit of the present Government today and of the railways in particular and their agencies and those to whom they delegate their power, to interpret the rules that have been issued by the Railway Board in multitudinous ways, with consequent loss to the employees who have to submit to this in silence. There are rules, for instance, with regard to communal recruitment, there are other matters also, where the rules are administered in one way by one railway and by another railway in another way, in fact in some railways the Divisions interpret rules as they choose to do. In olden times when rules were made they were interpreted in one light and there was no attempt on behalf of any railway or of the Railway Board or any one else to take advantage or so interpret parts of the rule to the benefit of Government and to the financial loss of the employee. I would present this matter for the serious consideration of the Honourable Member. I shall refer to the other disabilities when the time comes for the demands for grants, but I shall conclude by making an appeal to the Honourable Member to be so good as seriously to consider the granting of a ten per cent war time allowance to the subordinate staff of all Indian railways, the same as private employers are granting. And, Sir, before I resume my seat, may I ask the Government to take a lesson from that great speech given by Sir Samuel Hoare which was broadcast last night on "Matters of Moment". The British Government have decided on measures which if applied in India would lead to the benefit and contentment of the Railway staff—indeed of India. This is what he said:

"The British Government have made profiteering illegal and so enabled people to get food at moderate prices. They have not raised the fares of the passengers. The British Government have declared a war on inflation, that is, stopped any uncontrolled rise in food and commodity prices, and have held down the prices of basic articles of food and so created an 'iron ration' within everybody's reach and home."

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member's time is up.

**Lieut.-Colonel Sir Henry Gidney**: Sir, I have done and with these remarks I resume my seat.

**Sir Abdul Halim Ghuznavi**: With the Congressmen not being here even to bark, the non-Congressmen's lot is that of one forsaken, and on the top of that the Honourable the Finance Member has taken fourteen of our Members to the Excess Profits Tax Select Committee. So, Sir, I have just to address an empty House on a most important matter such as the Railway Budget. I will put down all the points that I want to discuss in brief, and then I shall deal with each point later on separately so far as time will permit. My first point is that there has been a unanimous protest from all Indian Chambers of Commerce against the increase of freights and fares. They have pointed out that there is no

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justification whatever for what the Honourable the Communications Member has done. On the other hand, the speech he delivered here as well as the speech delivered by the Honourable the Chief Commissioner for Railways in the other House shows that there should be no increase at all in either of them. The next point is the question of building locomotives in India. The third point is the shortage of wagons; the fourth is the Mody Committee; the fifth is the paucity of Muslims in railway services and specially in the officer grades. This question of paucity of Muslims in the railway services was mooted by me in 1929. I have waited for ten years. (Interruption) I want nothing more and nothing less, I want only my just share. I put it to my Honourable friend, Bhai Parma Nand, I do not want one decimal more than I am entitled to get. The next point that I want to deal with relates to two railways, the East Indian Railway and the Eastern Bengal Railway. Then I shall deal with the catering arrangements on the railways. There is a shortage of engines in the E. I. Ry., and we are now travelling with B, B & C. I. engines from Howrah to Delhi. The E. I. Ry. has got no engines to bring us here or take us back to Calcutta. That is the position.

Let me take the first point. The Indian Chambers of Commerce are unanimous in saying that there is no justification for an increase in rates and fares, particularly, increase by a flat rate of  $12\frac{1}{2}$  per cent. and the increase of the surcharge on coal from  $12\frac{1}{2}$  per cent to 15 per cent up to 31st October and thereafter to 20 per cent. The increase by a flat rate on all commodities is against the fundamental principle of railway rating and would react adversely on the prices of commodities carried over long distances. What is the idea in imposing a flat rate of increase? The point is that the gentlemen who are concerned with the railways do not want to work. They want to earn their salaries by attending offices from 10-30 to 4-30, but they find it a little difficult task to ask and ascertain from each railway what are the commodities which can bear this increase so that they may impose this burden on those commodities only. But no, they would not do it, as it requires working, they would spare themselves this labour. Therefore, they put on a flat rate from A. to Z.

**Mr. M. S. Aney:** An idler's job!

**Sir Abdul Halim Ghuznavi:** It has been the principle on all the railways that whenever an increase or decrease is contemplated each particular commodity is taken into account, but I do not know why this was not done in this instance. Straightaway a flat rate has been imposed. Now, Sir, I will give you an instance as to why they are so idle. They had not even two minutes time to spare as it were. Take for instance jute. At its present price it can bear a little increase but they have not worked it out. If you read Sir Guthrie Russell's speech in the Upper House, you will see that they say that they cannot do it just now. They have left out the source where they can make a little money. The excuse is that the jute season is over. It may have been over so far as last year is concerned but not this year. The cultivators have not sent the jute to Calcutta yet, as they expect higher and higher price and the Railways cannot touch them. They did not care to differentiate jute and tea. Then what have

they done with coal? They are increasing the surcharge from 12½ per cent. to 15 per cent. and thereafter to 20 per cent. when the full season commences. They say "we buy all the coal in the off season. Why cannot the businessmen do it and get advantage of this rebate". Now, where is the businessman who can find money to do all this and where is the place to store the coal for one year ahead. After all coal prices have not gone up. They cannot stand even 12½ per cent. increase. On the other hand, they have gone down. Nobody wants coal. They want petrol and not coal. Then, Sir, what was the position in 1931-32? The rates and fares were increased because the Railways were not in a position to balance the budget. There was further increase in 1936 and this is the third increase. It is a day-light robbery and loot. The Excess Profits Tax is a sword of Damocles hanging over our head and now another sword is this increase of freights and fares. They say "Give us more freight, more fare and you can go to hell with your industries. We shall have our money all the same. This is the time for us to build our reserve". They want our blood-money to build their reserve!

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member has only six minutes more.

**Sir Abdul Halim Ghuznavi**: I shall finish within five minutes. Do they know, Sir, how then rates and fares compare with those of other countries? I say, they do not. The Honourable the Communications Member has said that for ten years they have been able to make 3.6 per cent. of profit which the Railways in other countries have not been able to do. Their shareholders would have been glad to get a dividend of 3 per cent. even. The Honourable the Communications Member further stated that they had been making a profit of 4 per cent. for the last 3 years. What then is the justification for this increase in rates and fares? They say "But we have not touched your foodstuffs and the fodder lest we should be blamed that we have raised their prices". The idea of letting alone the foodstuffs and fodder was not with a view to help the poor. The foodstuff is required by His Majesty's Government, and as they have to pay they want to keep down the price. Then, Sir, two speeches were made, one in this House and the other in the Upper House. They contain arguments which contradict each other and therefore they have no grounds to stand upon. I say that increase of revenue should not be made by increase of fares and freights. If you want more revenue, reduce your top-heavy administration and establishment. Look at the amount you pay and other companies pay for their headmen. How much do they spend? Whenever you want money, you raise it by increased taxation. The Honourable the Communications Member said that there shall not be increase of fares up to one rupee, that is to say, up to a distance of 50 miles. But this is not for the benefit of the third class passengers that they are shedding crocodile tears. It is to meet lorry competition. I can tell the Honourable Member one thing. I know with the empty benches here he will carry this increase without any opposition, but believe me when I say he will find in three months' time that his revenue will go down. It is bound to go down for this simple reason that people will boycott railways. Sir, I have finished.

The Assembly then adjourned for Lunch till Half Past Two of the Clock.

The Assembly re-assembled after Lunch at Half Past Two of the Clock, Mr. Deputy President (Mr. Akhil Chandra Datta) in the Chair.

**Mr. B. M. Staig** (Financial Commissioner, Railways): Sir, in the course of this morning's debate one or two Honourable Members referred to the Convention of 1924 and to the moratorium and a wish was expressed that I should explain the position in regard to them. As Honourable Members of this House are well aware, the relations of railway revenues to central revenues are regulated by the Convention of 1924, which is still in force.

**Mr. Muhammad Azhar Ali** (Lucknow and Fyzabad Divisions. Muhammadan Rural): Sir, there is no quorum.

(The Bell was then rung.)

**Mr. Deputy President** (Mr. Akhil Chandra Datta). There is a quorum now

**Mr. B. M. Staig**: Sir, as I was explaining in response to the request made this morning that I should make clear the present position in regard to the Convention of 1924 and the moratorium; the Convention of 1924 is still in force. Its details are well-known to Honourable Members of the House and are reproduced each year as an Appendix to our Administration Report.

**An Honourable Member**: A little louder, please.

**Mr. B. M. Staig**: I need not, therefore, enter into these details. The main obligation they impose upon railway revenues is to pay a one per cent contribution to the Centre each year on the capital at charge. For the first five years of the Convention up to the end of the year 1928-29, the Railways were able to discharge that liability in full from their surpluses and at the same time they were able, under the terms of the Convention, to accumulate a reserve of about Rs 18 crores. Thereafter, the surplus was not adequate to meet the contribution in full and the railway reserve fund was drawn upon, first, to meet deficiencies in contributions, and later, to meet deficits in working also. From the year 1930-31 the Railways began to realize a deficit; not only did they fail to make the contribution but they failed to meet the interest charges fully. To enable these deficits to be met, loans were made from the Depreciation Fund. This situation continued up till the end of 1935-36. In the meantime, of course, the contributions to central revenues remained unpaid. At the end of 1938-39 the position was that these liabilities to the Depreciation Fund and the arrears of contribution to central revenues amounted respectively to Rs 30½ crores and Rs 35½ crores. As Honourable Members are aware, the Railways were relieved by Resolutions of this House, the first passed in October, 1937 and the second in August, 1939, from repaying these liabilities for the present. The first relief was given up to the 31st March, 1940, and the extension of the original moratorium gives relief from these liabilities up to the end of March, 1942. I need not enter into the reasons for these moratoria in detail; they were fully explained to the House (and accepted by them) by the Honourable the Finance Member in placing the Resolutions before the House. Had they not been approved, then the contributions to the central revenues from the Railways would have been precluded because the first

claim against a railway surplus, in the absence of a moratorium, is the debt to the Depreciation Fund. The fact that the past history of the Railways has been such as to create the liabilities to which I have been referring, is, Sir, I feel we must all recognize, a solemn warning for the future, and is an indication that any justifiable opportunity should be taken of strengthening our Railway Reserve. One Honourable Member raised the point that what we propose next year to put into the Railway Reserve should more appropriately have been paid to central revenues. Actually, our payment to central revenues next year includes our estimated shortfall in contribution—ninety lakhs this year. Of that liability, we are not relieved, because the relief given by the existing moratorium applies only to debts ending with the period 31st March, 1939. We must, therefore, pay to central revenues, next year, Rs. 90 lakhs in respect of the present year, but we avail ourselves of the relief given by the moratorium in regard to the previous years.

**Mian Ghulam Kadir Muhammad Shahban** (Sind Jagirdars and Zamindars Landholders) Sir, let me congratulate the Honourable the Railway Member upon his being able to present a surplus Budget. I feel that people would have been more loud in congratulating my Honourable friend had he avoided the extra taxation by way of an increase in goods freights by 12½ per cent, and in passenger fares by 6½ per cent.

It may be, as was observed by the Chief Commissioner of Railways in the other House, that the increase would not be much, as according to him the increase in freights would be—

On general merchandise, nine pies per maund,  
on salt and sugar, eight pies per maund,  
on fruits and vegetables, two pies per maund, and  
on petrol four pies per gallon.

Since this year is closing with a surplus of about 3 67 crores, and the year 1940-41 would have closed with about the same surplus without extra taxation, it would have been much better if no increase in freights and fares had been ordered, especially so, when the Excess Profits would also be taxed, and that would yield something like fifteen to eighteen crores of rupees.

However, there is a consolation that food grains would not be taxed with the increase in freights. As regards passenger fares, there would be no increase if the fare was below rupee one. That means a third-class passenger travelling fifty miles would not be required to pay anything more than what he pays at present.

If it was desired to increase fares for third-class passengers also, the Honourable Member should have made a beginning with providing some amenities for these passengers. Then, there is the question of over-crowding. The Railway Act provides no relief in this direction, though it makes it an offence for a railway servant to compel a passenger to enter a compartment which is already full to the carrying capacity marked in the compartment.

The carrying capacity for Indian troops is only two-thirds of what has been fixed for the public. For instance, a third class bogie marked to carry 100 passengers carries only 66 Indian troops and 38 European soldiers. In a hot country like India, the carrying capacity of the third

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class carriages should be reviewed and brought in line with Indian troops or a little higher—say 80 for a third class bogie now marked for 100 passengers; and the railway staff should take special pains to see that the passengers are evenly distributed. When there is likely to be rush on a particular train, important stations should be free to attach extra third class carriages, without waiting for orders from the headquarters of the Division office.

Every year the non-official Members press for the manufacture of broad gauge locomotives in India and the Indian people were told that it was not possible to build these locomotives in India. Where there is a will there is a way. My Honourable friend, the Railway Member, when he took office, appointed a Committee to investigate the possibility of manufacturing locomotives in India. The report of the Committee is in the hands of the Members. It shows that locomotives can be built in India at a cheaper cost. I congratulate the Railway Member in making this possible on which point the non-official side of the House was greatly agitated year after year.

I have to observe with regret that there is yet no hope of construction of the Sind-Bombay Railway. The history of this project is most amusing. The idea of having a direct broad gauge railway between Sind and Bombay was mooted a little before 1880. The first survey was made in 1879 and it was then considered by the P. W. D. in charge of Railways in India that this connection would not be a financial success. In 1900 a fresh survey was made. Again, it is said to have been found that the connection would not pay. In 1905 a different route *via* Hyderabad (Sind)-Badin Viramgam was decided upon. Since then, several surveys have been made in 1909, 1920, 1923, 1926, 1927, and 1930. At one time it was estimated that the project would be a commercial success yielding 5·3 per cent, but generally it has been maintained that the project would not be a success.

Like the locomotives manufacture in India the Sind-Bombay project would be a success if the Honourable the Railway Member started this construction. The Indian Merchants Chamber from Karachi has already supplied figures of construction of this connection. Their expert officer has given elaborate figures and it would appear that the project is justified.

Unfortunately, the policy in recent years has been for the Railway Board to obtain guarantee from the Provincial Governments in regard to the possible return on the project. No Provincial Government can give the Board guarantee on this project, as it passes through Indian States. Therefore, the project should be considered on its merits and it appears that it would pay well. Let the Railway Board make a beginning and I am sure that it will be a grand success.

The Honourable Member is to be congratulated for the solicitude displayed for the railway labour, especially in the inferior service. The provision of the provident fund benefits to some of them would be greatly appreciated. The extension of the Hours of Employment Regulations to the remaining railways is also a move in the right direction and was long overdue, as these two International Labour Organization Conventions had been passed in 1919 and 1922.

But there is no relief in one direction, namely, removal of bar on Rs. 60 amongst the clerical staff. Most of the railway employees in clerical branches are blocked on Rs. 60 and they cannot rise over this limit for want of higher grade vacancies. There has been a constant demand from the employees on the North Western Railway that grades I and II for clerical staff be amalgamated so that the employees could go up to Rs. 90 by annual increments. The Honourable Member in September last said that the matter was under consideration, but I find no provision to alleviate the hardship of this class of employees. A beginning should also have been made in this direction.

There is another important point and it is about recruitment to the various services on the Indian railways. It is a very important problem so far as Muslims are concerned. Since the Government of India (Home Department) Resolution dated 4th July, 1934, was issued, there has been no appreciable increase in the recruitment of Muslims on Railways.

The services may be divided into three categories:

- (i) Gazetted,
- (ii) Senior subordinates,
- (iii) Lower subordinate services.

The figures for gazetted services show that in 1925, the ratio of Indian element in superior railway services was as follows

State Railways . . . . .	29 40 per cent.
Company lines . . . . .	17 74 per cent

This rose to the following figures in 1938-39, as per the Railway Board's report recently placed in the hands of the Honourable Members:

On State Railways . . . . .	55 per cent.
On Company lines . . . . .	49 per cent.

The Muslim recruitment has been

	1925.	1939.
On State Railways . . . . .	3 47	7 13
On Company lines . . . . .	1 12	6 89

With regard to the senior subordinates, the increase of Muslim recruits shows the following results which indicates that at this rate the figure of 25 per cent for Muslims will not be reached even in a century

	1925.	1939.
State-managed Railways . . . . .	3 74	7 43
Company lines . . . . .	1 82	3 30

The figures for the staff in subordinate services on Railways are not easily available.

It is, however, gratifying to note that the Government have appointed an officer (Mr. Frank DeSouza) to investigate into the question of Muslim recruitment in railway services and it is hoped that his report will remove the inequalities of present paucity of Muslims in the railway services.

With regard to the recruitment on the North Western Railway, my observations show that there is no greater improvement. I represent Sind which is a predominantly Muslim province, having 72 per cent. of

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Muslim population. And on this basis, it is entitled to 72 per cent. of posts in railway services. But as the North Western Railway passes through six provinces, the ratio for Muslims on the North Western Railway as a whole has been fixed at 60 per cent. I find that Sindhi Muslims are not at all employed on the North Western Railway. I propose to give Honourable Members some figures of Sindhi Muslims employed on the North Western Railway.

There are 1,101 Station Masters on the North Western Railway of which only two are Sindhi Muslims. Of the 1,492 Assistant Station Masters, there are only two Sindhi Muslim Assistants. Out of 1,076 Signallers there are only five Sindhi Muslims. Out of 773 train clerks, the ratio of Sindhi Muslims is only two. Out of 1,107 Guards, there are seven Sindhi Muslims. Out of 119 Yard foremen there are only three Sindhi Muslims. Out of 40 Traffic Inspectors, there is no Sindhi Muslim.

There is no representation of Sindhi Muslims among Correspondence clerks, Goods clerks, Booking clerks, Invoice typists, Inspectors of Accounts, Permanent Way Inspectors and their Assistants, Inspectors of works and their Assistants, Mistries, Assistant and Sub-Assistant Surgeons, Dispensers, Trains examiners and various other categories. This is not because Sindhi Muslims are not available, but they are not being taken up—that is the real fact. Sindhi Muslim Matriculates of Bombay University are employed as cleaners in inferior service on a pittance of Rs. 15 per month at Kotri. All their efforts to get jobs in subordinate services at Rs. 30 have not succeeded because the headquarters of the North Western Railway are at Lahore.

Under the circumstances I would advocate recruitment to railway services on regional basis. Each division forming a recruiting centre. I find in the terms of reference to Mr. DeSouza that there is a talk of distribution among categories and areas. I would lay greater stress on this point that the recruitment on regional basis must be introduced on the railway and recruitment need not necessarily be centralised at Lahore even for Rs. 30 jobs.

The principle of regional employment is not new. It is observed in all provinces in the Central Government services, in the Posts and Telegraphs Department, the rules are that a person having domicile in the province can only be recruited to the subordinate services in that department. Even in the Punjab, the Revenue Member, the other day, made a statement that posts in the revenue department would be distributed on civilian basis. Full details of the scheme had appeared in the *Civil and Military Gazette* of Lahore on the 3rd February. With these words, I resume my seat.

**Mr. Muhammad Azhar Ali:** Sir, this House and the Upper House heard the other day the speeches from the Railway Member and the Chief Commissioner for Railways on the Railway Budget for 1940-41. I also join in the congratulatory speeches which have been delivered on the floor of the House to the Honourable the Railway Member for the reason that he comes from my own province. That is a special reason why I congratulate him for the position he occupies in the Government of India. Sir, I have great respect for his lucid and well delivered speech. But, Sir, as the Persian saying goes, whoever enters the salt mines becomes salt himself. So is the case with the Government of India officials. Whoever enters the groove of the Government of India service adopts



the same policy which the Government adopts. I cannot blame Honourable Members for that. The speech which was delivered the other day shows a deep laid diabolical scheme on the part of the Government of India. The public was horrified as to what more things will come. We do not know what to expect from the Honourable the Finance Member. It may be a bolt from the blue. So far we have heard of things which will leave a scar on the mind of the public for nearly a century. From all sides India is being crushed, high and low. Capitalists, industrialists, commercial people and every one has been affected and now comes the turn of the poor agriculturists and the cultivators. These schemes are designed to hoodwink the Indian Legislature of 1940. Humphreys and Srinivasans are brought into the picture to throw dust in the eyes of the public. It is said that this report will bring relief to the Indian people. In what way will it bring relief? The relief will be that the locomotives will be manufactured in India. All right. It is a boon for which India was crying for more than twenty years and now the boon has come after all. We welcome it. But may I ask whether the fate of this report will not be the same as that of other reports which have been placed before this House? I do not know whether this report will remain in the archives of the Government of India or whether it will be given effect to. There is a significant passage in the speech of the Honourable Member for Railways where he says "when they are convinced that the recommendation of the railway committee is a sound project, then the railway administration will consider it". Sir, this is a very deceptive and dangerous thing. It is not at all convincing whether the report will be attended to at all. The other day we heard that a black cat crossed the way of Mahatma Gandhi while he was going to the Viceroy's House and we all know the result of his talks with the Viceroy. That inauspicious accident will affect the whole course of India's progress, as in the same way, what do we find in the financial policy of the Government? We find that capitalists, industrialists, the poor cultivators, all alike are burdened with some sort of surcharge or other this year. As I said this report may or may not be considered at all. For the past twenty years we cried hoarse and clamoured for locomotive construction in India. The Government did not care for our requests. But now as their own tin-gods have produced a report they might follow it. Thus, Sir, the war fever has

3 P.M. come to India to strangle her by taxation even before any country declares war against India and these people camouflage by means of show of surplus budgets, by means of purchases of more machinery to construct locomotives in India and also for building up reserves at the sacrifice of the interests of the masses of India. So we find mention about the purchase of small company-owned lines too, but they do not have the courage to buy up the B. N. W. R. and the R. K. R. which is constantly urged by the non-official Members. These two railways are paying fat dividends and if they are purchased these huge profits would come to the coffers of Government. They are purchasing small concerns but not these two paying railways. They should even borrow money, if necessary, and acquire them.

Sir, in 1931-32 the railway freights were substantially increased and they have remained unaltered. In 1936, they were further increased on some specific commodities, and now with small exceptions the rate on everything has been increased. The Honourable Member expects prosperity for the railways in future owing to the war. But we somehow

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want the war to end, and if it does come to an end what will become of these expected profits and earnings? It is budgeting on a very doubtful item. The Honourable Member says that food-grains and fodder are exempted, but I do not know what will happen to sugar cane. It is well known that sugar cane cultivators carry the cane from their fields to the nearest station and it is transported by rail to the factory station. But if the freight on this item is increased I am sure the result will be that the cane will be carried by lorries or bullock carts from the fields to the factories and Government will suffer loss. On the one hand you pass the Motor Vehicles Act and on the other hand you bring in this budget. You, of course, want to get money but you really stifle the Indian industrialist and the cultivator by charging more from him and they will take to bullock carts. The producer does not travel more than 50 miles by rail. It will, of course, benefit the railway contractor only for the purpose of the war and nothing else. If that is the object you should say so plainly. I am sure these schemes that you have in mind will adversely affect the exportable commodities of foreign countries in competition with other exporting foreign countries as well. It must be realised that if these commodities on which you either grant exemption or raise the freight come from outside also with a lesser price paid, thus the price of these commodities in India will be higher. Therefore, these exportable commodities should be considered by the railway authorities. It will increase the price of sugar, cement, etc., as foreign companies will dump them into India at lower prices. We shall be forced to pay a higher price for things produced in this country and indigenous producers will also suffer because imported things will become cheap. In short this "national trading concern of railways", as the Government calls it, has come forward this year to put more money into the reserve fund, how? by enhancing its charges to the public rather than by reducing the high salaries of its highly paid servants and stopping the exodus to the hills. Our Leader of the House, the other day, in his great solicitude for cutting the daily allowances of Members of the Legislature, could not think of suggesting to Members of the Government themselves that they should effect some reductions in their pay. The Lee loot also still subsists.

**Mr. Lalchand Navalrai:** And their saloons!

**Mr. Muhammad Azhar Ali:** You are right—and in their saloons also. The increases recently made in the Railway Department are still there and no decrease has been suggested there. Why should India be taxed, why should the masses have to bear these huge salaries and to pay for these big saloons? Why should they not be cut off rather than inconvenience the people?

**Mr. Deputy President** (Mr. Akhil Chandra Datta): The Honourable Member has got two minutes more.

**Mr. Muhammad Azhar Ali:** It is said that manure also may be taxed. I do not know. Manure is not, I think, exported by the railways for purposes of cultivation and the interest of the cultivator will not be affected by that. These are only theories, not practical propositions. You sit here and propound theories which perhaps you do not know yourselves and they affect the masses profoundly. You are here only to hoodwink

us. We will not allow ourselves to be hoodwinked. We are bound to expose you and we will do so whether you like it or not. This building up of the reserve fund is against all principles of business. Why did not the Government last year do anything, when its income was more than 31 crores—in fact for a number of years . . .

**The Honourable Sir Andrew Olow:** I am sorry to interrupt the Honourable Member, but did he say that we made 31 crores last year?

**Mr. Muhammad Azhar Ali:** In the year 1939-40. . . .

**The Honourable Sir Andrew Olow:** A surplus of 31 crores?

**Mr. Muhammad Azhar Ali:** No, an income of 31 crores. I say this emergency surcharge is a dangerous device and it may become permanent. The Government's estimate of the comparative prosperity of the railways is due to the war only—from September last till now and it was due to the export of necessities of war, movements of troops, etc. Otherwise the imports were falling. You are taking a very optimistic view of the future income from railways and the view is indeed tragic from the point of view of India's poverty.

**Mr. Lalchand Navalrai:** Sir, my reading of the budget is both rosy and gloomy. The question therefore arises whether we should congratulate the Honourable the Railway Member or not. We find he has taken up the question of locomotive manufacture in India and also the purchase of the Company-managed Railways and I sincerely congratulate him on these two points. The country has been crying all along that Indian industries should be supported and encouraged and we now find a committee appointed on this question of locomotive manufacture and the Honourable Member himself is favourably inclined towards it, and it is, therefore, necessary that we should come forward to support him in seeing that he implements these proposals in his own time. The Honourable Member has worked in several departments of the Government of India and I can say without flattery that though he is lean in body he has a very strong brain and great capability in working all the departments he has managed, and in addition he treats every one who goes to see him as a gentleman, and he has a genial nature. I shall not say anything more about him except to say that we expect many amenities for the public and the staff of the railways in his time.

Coming to the gloomy side of the picture, even there I will not blame him much because I think, in this matter of increasing the rates and fares, which many persons and commercial associations in the country regard as very hard, he has merely caught the contagion from the Honourable the Finance Member. The Finance Member felt why he should not make hay while the sun shone and that excess profits tax be levied; and as the Honourable the Railway Member sits by his side, he also felt. "Why should I not do the same thing in the railways?" But he has given no reasons at all for this, no reasons for this increase in rates and fares.

Now, Sir, the point we have to consider is whether there is any justification for any increase in the present rates and fares charged by the Railways. So far as I can see, there is no ground whatever advanced

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by the Government in justification of their proposal to increase these rates and fares. Evidently, the Honourable Member in charge of Railways has taken the leaf out of the book of his Colleague, the Finance Member, but that is no justification whatever. Of course, if there was a deficit Budget, then one could have understood the necessity for increasing the rates and fares to make it up, but that is not the case here as the budget figures he has presented for the past few months show a surplus of 213 lakhs, and on the basis of that the Honourable Member expects another surplus of 361 lakhs for the coming months. Therefore, there can be no justification for raising the rates and fares, unless he says that he wants to build up the reserves, which is another matter. So far as the depreciation fund is concerned, that also does not require the action which is now proposed to be taken by increasing the rates and fares which will result in displeasing the travelling public and inviting trouble from the railway workers. In former years there might have been some justification for increasing the rates and fares because the Railways were not making a profit, but now they are making a profit, and in the face of that I do not understand why they should increase these rates and fares and put the travelling public into so much loss.

Sir, these rates and fares have been increased from time to time—there has been practically no stability in this matter. In 1931-32 the rates were increased, and the reason advanced for their action was that the Railways required additional finances and the budget had to be balanced. But that reason does not exist now. Again what happened in 1936? The Railway Department quietly increased the rates on some of the specific commodities. Now again they have proposed to increase the rates and fares, but this will have a very bad effect on trade and commerce. One of the immediate effects of this will be that there will be increasing competition from motor traffic. Wherever there are good roads, motor traffic will be carried on on longer distances, say from Calcutta to Delhi. Of course, the Government will say they will control it, but how long can the Government control the motor traffic by their rules and regulations. If they do so, then there will be trouble like strikes and the like which are already giving cause for anxiety to the Railways. Of course it has been said here that there will be no raising of the fares over a 50-mile radius but this will not help anybody at all, because very few travel over such short distances. The majority of the people travel over distances longer than 50 miles, and, therefore, the so-called concession will not help the travelling public to any appreciable extent. If the Railway Board adhere to their present proposal to increase the rates and fares, the competition by the motor buses will certainly increase, and the Government will get nothing by increasing their fares, and, therefore, I submit it is a most unwise policy to increase the rates and fares at the present moment.

With regard to the question of purchasing the Railways, I am glad the Honourable Member is pursuing a wise policy, but this policy should not be confined only to two Railways. There is a complaint from this side that the Government should purchase the Bengal and North Western Railway also.

While I am on this subject, I may express our thanks to the Honourable the Railway Member for giving us two Railways in Sind, but I may tell him something about the Bombay-Gujarat Railway, although reference

was made to it by my friend, Mr. Shahban. The quarrel over this Railway is in respect of the estimates prepared by two different parties. The estimates prepared by the Buyers and Shippers Chamber, Karachi, and others are very much less than those made by the Railway Department itself. The Karachi Buyers and Shippers Chamber had sent a deputation to wait on Sir Thomas Stewart in connection with the construction of this Railway, and he asked for figures of construction. The Chamber appointed an expert, and his estimate is that it will cost four crores and 18 lakhs and that the return on the investment will be more than 5·8 per cent. That is certainly a very sound proposition, and I hope it will be accepted by the Railway Board. I am only afraid that this scheme may be turned down in the interests of shipping concerns. It is not right to do so. The Honourable Member should see that he goes ahead with the scheme without any special regard for the interests of shipping concern, because there is no reason whatever why their interests should have primary consideration in preference to the interests of the Railways and the people of the country. If the Sind-Gujarat railway is built, it will bring a 5·4 per cent return as facts and figures have been sent to the Honourable Member by the aforesaid Chamber. I hope that the Honourable Member will now favourably consider the question.

With regard to the question of the services in Sind, my Honourable friend, Mr. Shahban, referred to the Sind section. So far as the Sind section is concerned, there is no regular or reasonable system on the basis of which the services are recruited. In Sind, the Muslims as well as the Hindus are suffering, I mean the Sindhis, because other people are imported from outside and we both suffer. I do not endorse my friend, Mr. Shahban's point, that Muslims should be given more appointments and not the Hindus, but I say that both of them are suffering in Sind, and I ask why should not a certain procedure be laid down. Let it be either on the territorial basis. There are seven sections including Sind Division and why not have your recruitment on the territorial basis? Or, it should be on the basis of population of each division, and if this is not possible, then it should be on the economic basis. I won't say anything more on this point but I shall deal with it at the time of the cut motion. As regards war allowance, the prices have gone up and it cannot be said that they have not gone up. The Honourable the Railway Member has not given anything to the employees in his budget as war allowance. He says that the prices have not gone up sufficiently high and that if the prices go up he would be prepared to examine the advisability of giving the war allowance or something like that. It shows some sympathy but the Honourable Member should give at least to those poor workers in the Moghalpura and other workshops some war allowance. Now, no allowance is being given to them and they are not able to live from hand to mouth. Then, coming to the question of the welfare of the services, Rs. 12 lakhs have been allotted.

**Mr. Deputy President** (Mr. Akhil Chandra Datta): The Honourable Member has got one minute.

**Mr. Lalchand Nayalrai:** I will close with one remark about the speech of my Honourable friend, Colonel Sir Henry Gidney. It is said that 12 lakhs have been allotted for Provident Fund and that the Federation will be consulted as regards best disposal. I think it is the right move. But

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my Honourable friend, Colonel Sir Henry Gidney, says that that is not the right way of doing it. I ask, which association has he got, which institute of his own has he got that should be consulted for the disposal of this sum. If he has any, why should it not have been affiliated to the Federation? Let them join together and let the whole allotment be considered together, but he has no right to say that it should not be consulted with the Federation, which is the biggest union of workers and has been recognised and is having meetings with the Railway Board. My Honourable friend may fly over to England and say, "My Anglo-Indian friends should be given more pay" and he may succeed, but it is a long distance that he has to travel. As a matter of fact he has succeeded there at least in one case. I find that Anglo-Indian staff on railways get Rs. 55 whereas those of others communities get only Rs. 30 a month.

**Mr. Deputy President** (Mr. Akhil Chandra Datta). The Honourable Member's time is up.

**Mr. Lalchand Navalrai**: I have done, Sir. The point I was making was that there ought to be fairness. These are the points which the Honourable sympathetic Member of Railways should seriously consider.

**Mr. Nabi Baksh Ilahi Baksh Bhutto** (Sind Muhammadan Rural): Sir, after ten years we had a rosy picture of the Railway Board. I congratulate the Honourable Member for the same. After discharging all the obligations, the Railway Member has set aside 2.98 crores for appropriation to Reserve Fund. The Reserve Fund has been entirely depleted during the period of depression. I am not sure whether he can constitutionally deposit money in the depreciation fund before discharging the general revenue.

The Honourable Member has not given any reason for raising the goods traffic rate about 12½ per cent. and passengers rate about four per cent. Such increase at the present time is neither just nor desirable.

I would like to be convinced by the Honourable Member for Railways that such abnormal increase in the goods traffic will not effect the cotton crops in Sind and Punjab. The matter has not been fully discussed and the Chambers were not given any opportunity to express their opinion.

I pointed out last year that the efficiency of the administration is suffering on account of stopping the direct recruitment in the upper subordinate grade. In reply to supplementary questions put by Dr. Sir Ziauddin Ahmad, the Honourable Member said that he has now permitted direct recruitment to the extent of twenty per cent. in all the ranks of the upper subordinate grade. The percentage is rather low and I would press, following the analogy of the recommendations of the Lee Commission, that the percentage of direct recruitment should be raised to 50 per cent. in all grades.

I read a notification in the Government Gazette with great satisfaction that the Honourable Member has deputed an experienced officer, Mr. D'Souza, to inquire into the working of the Resolution of 1934. I was rather surprised to find that work of this committee is restricted to mathematical calculation. Surely, you do not require a highly paid officer to do the calculation work. A second grade clerk in the office of the Railway Board would be competent for this work.

The Muslim Members have repeatedly pressed on the floor of the House that justice is not done to Muslim employees in matters of promotion and punishment. The question of promotion and punishment goes together and the cases of both the categories should be considered by Mr. D'Souza.

Some of my colleagues are invited to send few cases but I am surprised to find that these cases should be restricted to the grievances about promotions and not their grievance about punishment. Punishment is a wider word which includes stopping of promotion and I hope that Honourable the Railway Member would slightly widen the terms of reference and permit Mr. D'Souza to include other grievances or the Mussalmans will have no confidence in this enquiry.

In this connection I would like to draw through you, Sir, the attention of Mr. D'Souza, the investigation officer, to see whether the adverse remarks against the Muslims employees are entered in the Service Book just at the time of their promotion. Sir, it is the practice not only in the Railway Board but in other departments of the Government of India that the entries in the Service Book against the Muslim employees are made just at the time when their promotion becomes due; particularly at the time when they are getting into higher grade. I take this opportunity to impress on all the officers in the Railway Department and other departments of the Government of India that they should carefully scrutinize the dates of entry of unfavourable remarks of all the Mussalmans who are debarred from their just and well-earned promotion.

I am sorry that on account of personal engagements I could not come to Delhi and move my Resolution myself about catering arrangements, but I am glad the Honourable the Railway Member has given an assurance to look into the matter and consult the Advisory Committee again. I am confident that all the members of the Advisory Committee will consider the uniform demand of the people on the following points:

- (1) The contract should be given as far as possible to local contractors and in no case monopoly should be permitted.
- (2) The Railway should not make any profit from the restaurants, shops and the vendors, they should only charge the nominal license fee.
- (3) The rate should not be higher than the market rates prevalent in the town.
- (4) Sub-contract should not be permitted and the person who takes the contract should personally supervise the business.

**Sir H. P. Mody** (Bombay Millowners' Association Indian Commerce). Mr. Deputy President, I rarely speak on the Railway Budget and it is rather a pity that when I have to speak it is by way of criticism of the first budget presented by my Honourable friend, Sir Andrew Clow. It seems to me that the Government of India are not much troubled by the humanitarian principle of tempering the wind to the shorn lamb. Judging from what has been happening, it would appear as if they want to gather not only the wool but parts of the poor lamb's anatomy as well. They are rather clever about the way in which they come to us. They come to us one after the other after what they regard as decent intervals. First comes my Honourable friend, the Finance Member, wanting to slaughter

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industrialists on the plea of securing social justice. Then comes the Railway Member adding on fresh burdens on the plea that he must build up his reserves in prosperous times, and next week the Finance Member will take the stage again, carrying further the bleeding process under specious guises. One thing is common to them all. They all come to us with a very agonised expression. Well, Sir, their agony is no consolation to trade and industry in this country.

**The Honourable Sir Jeremy Raisman** (Finance Member) It hurts me more than you.

**Sir H. P. Mody:** I do derive a malicious satisfaction that it hurts the Finance Member more than me, but if he likes to be bled, I do not quite see why I, who am hale and hearty, should also be laid low.

So far as the Railway Budget is concerned, a novel doctrine has been enunciated by my Honourable friend, "We must tax you in bad times because we must fill up the gap. We must tax you in good times because we must build up reserves." In other words, whether the times are good or bad, there must be increased taxation. I want to know what is to happen to the industrialisation of this country to which everybody seems to be paying lip service, particularly from the Treasury Benches. Is this country to be allowed to be on the way to the full exploitation of its resources within a measurable distance of time or not? It seems to me that the policy of Government is being directed, not consciously it may be, towards the strangulation of the trade and commerce of this country. It is all very well to point to western standards of taxation and labour legislation, but it is forgotten that we are far behind any of the countries of the West so far as the progress of our industries is concerned. India may be the 8th industrial country in the world, but judged by western standards, the industrial production per head of the population is ridiculously small. We also know how miserably low the national income and the national wealth are. At a time when industries are called upon to bear so many heavy burdens, to impose upon them a further burden in the shape of increased rates and fares shows that the Government of India are thinking only in terms of revenue, and not thinking at all in terms of the general welfare of the country. Let it not be forgotten that industries are labouring under a great many handicaps even at this time when they are supposed to be rolling in prosperity. They are suffering from a shortage of many essential articles, they have to contend against demands for increased wages, and they have to pay much higher prices for the raw materials they use. I could have understood the Railway Member coming forward at a time which was normal and asking for an increase in rates and fares, but when industries are suffering from so many handicaps, to impose fresh burdens upon them, may be budget-making, but is certainly not statesmanship. In the name of commercial and industrial interests, which I think I can claim to represent, I must protest against the way in which continual burdens are being imposed upon the trade and industry of this country.

**Khan Bahadur Shaikh Fazl-i-Haq Piracha** (North-West Punjab: Muhammadan): Sir, I take this opportunity to say a few words about the Muslim quota in Railway services, for which we have been clamouring so much for the last many years to no favourable results.



On seeing the latest publication of the Report of the Railway Board, on Indian Railways for the year 1938-39, it will be found that so far as the representation of services is concerned the interest of the Muslims continue to be utterly disregarded as before. On page 101 of this Report, it will be observed that the number of Muslim employees on the 31st of March, 1939, is shown to be 1,54,837 out of the total number of 7,00,666, which is a percentage of 22.1. In 1930, the proportion of the Muslims was 22.6 per cent. In the last decade, therefore, the results of the so called special protection given to Muslims by the Railway Board is a reduction of .5 per cent.

If today 3,500 non-Muslim employees were replaced by Muslims my community would just get what they had in 1930. To give to my community the 25 per cent quota fixed by the Government of India, it will be necessary to replace 21,330 non-Muslims by Muslims. Sir, during the year 1938-39, the total number of employees increased by 8,600. If Muslims had got one-fourth share of these the number of Muslims would have increased by 2,150. But the actual increase in the number of Muslim employees during the year 1938-39 was 1,250 which is a shortage of 900. Instead of making good the past deficiency of Muslims, for which we have been crying every year, a further reduction has been made in the proportion of Muslims in the year under report.

Sir, this leaves no doubt in our mind that the Government are not at all serious about the orders they have issued, merely to throw dust in our eyes. We have been accustomed to believe that the orders of the Government of India are really the orders of the Government of India and that the subordinate authorities dare not disobey them. Anybody found disobeying the orders of the Government is punished but I think officers disobeying the orders of the Government, regarding the representation of the Muslims, get a pat on the back. If that were not so, such flagrant breaches of the orders would not be repeated from year to year with impunity. Now, I would draw the attention of the House to page 105 of the Railway Board's report. It shows that during 1938-39, 48 officers were appointed to the lower gazetted services. Out of these only two were Muslims which is four per cent of the total. Again, on page 106 we find that 19 officers were promoted to superior establishment on Company-managed Railways out of which only one was a Muslim. Yet again, page 107 of the report shows that the total number of Muslim officers on State-managed Railways on the 31st March, 1938, was 71, on 31st March, 1939, their number was reduced to 70, although the total number of officers was increased during the year from 971 to 982. The percentage of Muslim officers to the total fell during the year from 7.3 per cent to 7.1 per cent. Sir, if this is the result of the special protection given to Muslims, we do not want it; we were much better off without the reservations. I know that the Honourable the Railway Member will perform some juggler's tricks with his figures, and will try to throw some more dust in our eyes, but I ask, why is the present proportion of Muslims only six or seven per cent, both among gazetted officers and upper subordinates? Sir, for asking for our due share in the services, we are branded as communalists, but does not the Congress ask for Indianisation, clearly meaning thereby the appointment of the members of the community whom the Congress represents? Sir the use of the word "Indian" cannot deceive anybody. I know that generally our demands for adequate representation in the public services are not

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liked by the Government, and that the Honourable the Railway Member, with all his seeming earnestness, would tell us to wait patiently for many years to come, when none of us here will be present to witness the utter failure of the half-hearted measures. We see every year that these measures are failing to produce any effective results; they have produced rather negative results.

I hope the Honourable the Railway Member well knows the part that has always been played by the Muslim community in the protection of the Empire and of this country and the sacrifices made by them. I would like to ask if the Muslims are only meant to make sacrifices and to lay down their lives for the country and the Empire and not to ask for their due share in the public services? How long will the Government help the non-Muslims to hold their monopoly of all the lucrative jobs, and how long will the members of my community be kept down,—to be beckoned only when the sacrifice of their lives is demanded? Sir, I would warn the Government that the Muslims do feel such treatment of the Government very much and they are out to break this monopoly of the non-Muslims. We demand a one-third share in the Railway services in all its grades. Sir, it is a matter of very grave concern to us, and we cannot have any rest until we have secured our proper share. The Muslims, in being denied their proper share in the Railways services, are every year denied a sum of rupees eight crores in the form of the salaries alone, that unemployed Muslim youths would have been able to get if they were employed. Sir, the total amount of money paid to the Railway employees in the form of salaries, according to the recent Railway Report, to officers of the officers' rank is three crores per annum. We have only seven per cent Muslims in the officers' cadre and mostly in the lowest grade. Similarly, we have twenty-two per cent share in the gazetted cadre, but here again the Muslims are in the lowest grade. For example, their share in the senior subordinate's grades on Rs 250 is as low as six per cent. Assuming that Muslims get half the average salary in each cadre, we get less than three and three-fourths of crores, as against twelve crores, on the one-third basis,—which would count to the loss of the Muslim community by eight crores every year! Add to it the loss suffered by Muslims on account of their being denied a proper share in the Railway contracts. Sir, the condition of the Muslim representation in other Departments of the Government is no better, and the community is, therefore, suffering a colossal loss every year merely on account of the policy of drift adopted by Government. I would, therefore, earnestly request the Government and at present the Honourable the Railway Member to give a serious consideration to this demand of the Muslims and thus to remove an old-standing grievance of the community.

**Mr. M. S. Aney:** Sir, I only want to make a few observations on the speech of my Honourable friend, the Member for Communications, and the Budget that has been presented by him to this House. Sir, he has received congratulations from all parts of the House, it is indeed a rare good fortune to be able to present a very hopeful and surplus Budget. But, at the same time, it is a tragedy that, being in a position to present a surplus, he has also to come before this House with proposals for higher taxation—the raising of rates and freights at the same time. Sir, this part of his Budget proposals has naturally aroused a good deal of criticism and I have no hesitation in saying that I have never seen a weaker case

made out for taxation than the one which is presented to us by the Honourable Member for Communications. Sir, it is admitted by him that even if these higher rates had not been introduced this year, still he would have a surplus and that there would be no need for him to raise rates and freights to make both ends meet and that he could still have a fairly good surplus to lay by. Then, what is the necessity of imposing these higher rates and freights? The reasons which he gives are these. He thinks that these are days of prosperity and, therefore, in these days of prosperity you must try to build up your reserves and to make more money for the same, so that they may stand in good stead when days of adversity recur. That is, in short, the logic which he has made use of in justification of the imposition of higher rates and freights. Well, our own experience is this. It is not for the first time that we are hearing of building up reserves. Reserves were built up and reserves have been swallowed up also. It is a story that is well-known to this House. So, when we come up against days of adversity, we do not know whether there will be any reserves for them to fall back upon. They might be spent for anything else and then the case for taxation will arise simply on the ground that there is an emergency and we have to meet that emergency by taxation to balance the budget. Therefore, without throwing any suspicion about the *bona fides* of the Honourable Member, I am not prepared to accept that as a very good ground, or as a very convincing argument either, in justification of these higher rates and freights. So far, I was under the expectation, when the Budget was going to be presented, that at least in this year's Budget we should see that a strenuous, conscious and deliberate effort would be made by the Government to accelerate the progress of industrialisation in this country, and that some symptoms of this effort towards acceleration of industrialisation on the part of Government would be visible somewhere in the Budget that would be presented . . . . .

**Sir H. P. Mody:** It is acceleration in the direction of the tail!

**Mr. M. S. Aney:** I quite agree. And I have been sorely disappointed in that. All my attempts to get information not only in this House but elsewhere from Mr. Staig and others have not succeeded in getting me any convincing proof that any effort is being made in that direction.

I know, Sir, that a war is always a bad thing and an undesired calamity no doubt, but if that calamity occurs, it is necessary for a country like India to make the most of that so as to improve the position of her industrial helplessness and to make a rapid progress towards its industrialisation: and as Railways are one of the biggest Departments which require a large number of stores, they should in such times try to be as self-supporting and self-sufficient as possible in times to come. Therefore, I was trying to find out whether there was more money invested in workshops for the sake of improving their capacity for turning out and manufacturing those articles which are not available at present and which we have to import from outside. Secondly, I wanted to find out whether there was any other indication in the budget of the help to Indian industries given by the Railways; because, after all, the Railways are a big means of communication and all industries more or less depend upon the help that Railways can give to them in the matter of taking their finished goods and getting their raw-materials from one place to another. So, the question of freight is also one in which the Railways can really help the progress of industrialisation by adjusting the freights properly in sympathetic response to

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the demand made by the Indian industries. I do not find anything of the kind done at all. On the other hand, what I find is that unbearable burdens are being imposed. Therefore, that is one thing on which I feel the present budget to be a very disappointing one.

Turning to the question of the rise in fares, it is somewhat surprising to see that the Railway Member thinks it proper to raise the fares by means of one anna in one rupee. By way of information, I would like to ask something in this connection. What the Honourable Member said in his speech was that there will be an addition of one anna in one rupee fare and we have been told that this means that a passenger who is to travel only 50 miles or less will not be taxed, but those who travel more than 50 miles will be taxed

**The Honourable Sir Andrew Olow:** That is only true of the third class passengers.

**Mr. M. S. Aney:** I admit that But now-a-days on account of motor competition and so many other things, rates are very often so fixed that one rupee may not mean exactly 50 miles of travelling but it may mean even more. In that case, are you going to put one anna in addition to his fare or not? I would like to know whether the standard is 50 miles travelling or one rupee that you actually recover from him. On this point there is not sufficient clarification in the speech and elsewhere also I do not find much. So, I hope that point will be cleared by the Honourable Member in his reply. My objection to this enhanced fare is this. Although we have just begun to see better day and there is improvement and the depression has ended, still the number of average miles travelled by the third class passenger now is less than what it was even last year. I shall read the relevant portion from the Explanatory Memorandum on page 6. It runs thus :

"There was an increase in the number of passengers of approximately six and a half millions but a decrease in the total passenger miles of approximately 0.89 per cent due to the average lead of passenger journeys having fallen from 35.4 miles in 1937-38 to 34.3 miles in 1938-39 There was a decrease of 40 lakhs under passenger earnings, or 1.40 per cent "

The case is like this. Here is a clear proof that notwithstanding a little improvement in the economic conditions of the people in general, the general travelling capacity of the ordinary third class passenger has not increased but has on the other hand decreased. The mileage that he has travelled this year is less than the mileage that he travelled last year. In this state of decreasing capacity for travelling, we are imposing a tax which amounts to a burden on the fare which he was required to pay before. Secondly, it is also clear that your earnings from the passenger traffic are decreasing Can it be said in such circumstances that you are imposing a tax which the traffic can bear? I do not understand what the phrase : "the traffic can bear" means. I am afraid that this tax, instead of bringing more money, may inflict a loss. Even if it brings more money, you are ostensibly recovering it from those who are not in a position to give that money. That is what, to my mind, will be the net result of the new taxation which the Honourable Member wants to impose on the people in regard to the railway fares. This taxation proposal makes this budget considerably more difficult of acceptance by this side of the House,

There is also another point. When the Excess Profits Tax Bill was introduced by the Honourable the Finance Member, the principle that he wanted to enunciate was that this is a war period and those who are making profits out of the war should contribute to the war expenditure and so on. Therefore, he thought that as the big industrialists and big capitalists are making profits, it was justifiable to introduce that measure. The Bill is still under consideration but I am sure it will be passed by this House with more or less modifications either to the taste or distaste of my Honourable friend, Sir Homi Mody. I take it like that. The principle of that Bill is that the war expenditure was to be primarily borne by those who are making war profits. Now, I want to know whether my Honourable friend is of opinion that this third class passenger and the ordinary man whose goods are to be carried by the railways here and there are also persons who are expected to be making huge war profits? Do they belong to that class or are these people going to be called upon to pay more because the Government want more money for the sake of the war? I find that the increased rates are going to bring in something like 5½ crores. So, it is not merely a question of building up the reserve: it is also a question of making more money. There will be some eight crores by way of surplus, out of which something will go to the reserve and something to the general revenues. So, this more money is being brought to the general revenues in order to augment the resources at the disposal of the Honourable the Finance Member. That is all due to the fact that more money is required. Why more money is required? Simply to meet the increased expenditure due to war. Therefore, in a way, the Railway Department is trying to secure a contribution from the ordinary people towards the war expenditure. At least from this point of view, the test by which the Honourable the Finance Member wanted to justify his measure will not at all be applicable to the present case. It is a direct attempt to squeeze as much as possible even from those poor people who are out of sheer necessity being driven to the railway stations for the sake of travelling in order to make their contribution to the expenditure which has been increased on account of war conditions. To my mind, this budget means nothing less than this.

There is another point which I may also bring to your notice. There has been a very important change made to which reference is made by the Honourable Member for Communications and I myself being a party to it fully approve of it. The change is in the method in which the minimum for Capital expenditure was being hitherto fixed. Formerly, every item of expenditure above Rs. 2,000 was generally credited to the capital. Now, that limit has been raised to Rs. 10,000. This is evidently done with a view to stop the over-capitalisation as far as possible. I think it is a step in the right direction. In connection with that, I believe it would be necessary for the Railway Member to be more cautious in seeing that even within this limit of Rs. 10,000 it is not unduly taken advantage of by the Railway administrations, and efforts should be made to insist on the adoption of this principle by the Company railways also. Our ordinary expenses have on account of this change increased by 30 lakhs. The burden of 80 lakhs has been shifted from the capital expenditure to the general expenditure on this side . . . . .

**Mr. N. M. Joshi:** This reform can wait.

**Mr. M. S. Aney:** The Government could have waited. It may be that they introduced it this year to spend more money out of general revenues. But I think this was one of the reforms which was long overdue. I find the Honourable Member is well-meaning. But while he wishes well, he finds himself everywhere helpless. In his speech he has tried to assure us that he is very anxious to see that unnecessary burden is not imposed upon Indian industries. He is also anxious to see that unnecessary excuse is not made by the ordinary people for raising the price of foodstuffs and so on. In the exceptions he has tried to make, these are the anxieties which he has expressed as governing him in making those exceptions. I very much doubt whether the exception he has made will really enure to the benefit of the people concerned.

There is another point. So far as expenditure in the case of railway is concerned, the point which he has brought out prominently is this. He has drawn the attention of this House to the difficulty of giving the requisite number of wagons to coal dealers at a certain season when there is a great demand for them. He himself has suggested several times before that they should be in a position to spread over the demand for the supply of wagons during slack months also. Now, this year, he has tried to screw it up by making some difference in the burdens which they will have to bear now. What he is now suggesting is "that in respect of goods, there will be an enhancement of two annas in the rupee or 12½ per cent. on most commodities with effect from 1st March next. But from this rise we propose to make complete exceptions in the case of food grains, fodder, manures and railway and military traffic". In the case of coal the surcharge will be 15 per cent and from 1st November next the surcharge will be raised to 20 per cent. I very much doubt whether this preferential enhancement in itself will be sufficient to enable these persons to make the demand beforehand, as expected, but, on the other hand, I feel that it will mean a good deal of hardship to them, for in order to put up their orders beforehand and in order to be able to purchase the coal at that time, they shall have to pay interest for over three months or even more on sums borrowed for that purpose. They will have to pay interest on the money which they have locked up in coal for several months in order to take advantage of the lower percentage of surcharge. This may practically negative the advantage of lower rate of surcharge to a great extent. That is a point which is for the businessmen to see. I do not know whether the scheme proposed by the Honourable Member will really enable the businessmen to make an earlier demand at a time when they will be able to supply the wagons. On the other hand I suggest that they should be able to get an adequate supply of wagons at the time they require them. This raises the question of supply of wagons at a time when the coal industry needs it. It is no use telling them that instead of making a demand at a particular time they should try to make their demand beforehand and make less pressure in the season. The demand will be coming in the season and, therefore, the railway should somehow or other make such arrangements with regard to its wagon stock and manipulate it in such a way that in the season the trade shall be in a position to get what it wants. Mere differences in the surcharges would not help the businessmen to make proper arrangements.

Now that my time is up, I wish to conclude by saying only this. The Honourable the Railway Member has no doubt prepared his budget meaning well, but his proposals are not likely to help the progress of industry and they are on the other hand likely to tell heavily on ordinary class passengers on account of the increased fares.

**The Honourable Sir Andrew Olow:** Sir, I am grateful to the House for the reception of the budget and the kindly remarks that several Honourable Members have made about me. I recognise from the start that the proposals that I put before the House could hardly be expected to be popular ones, and in the circumstances I am the more deeply grateful for the appreciation which Honourable Members have paid to our good faith and to our anxiety to find a way that will cause as little hardship as possible. It is true that in some of the bouquets, there were a few brickbats concealed, but that I think was only to be expected and I shall try to repel just a few of them.

My Honourable friend, the Deputy President, began by urging that they, on that side of the House, were not always on the wrong and not always unreasonable. I freely admit it. I have never claimed for myself or for those for whom I speak any monopoly of wisdom or any freedom from errors. But when he and others went on to say that many years ago they had urged the building of locomotives in this country and other people also had urged the same many years ago and that, therefore, we were wrong in rejecting that demand, I must submit there is a fallacy in that argument. It is like a man who is going across ploughed fields and while he is in the middle a man tells him "why don't you take a motor car and cross the fields". The man refuses to listen to his advice and then goes a little further and reaches better ground where the experts tell him he should take a motor car. The other man there tells him "I told you so several miles back. You should have taken a car then". Actually, I believe this delay in adopting the suggestion of building of locomotives has been all to the benefit of India. During the last seventeen years, India has ordered her locomotives abroad. Our demand for locomotives has been extraordinarily limited owing to various causes and of course, after the last War we found Europe with a big surplus of engineering capacity. I am quite sure that we got our locomotives during that period much cheaper than we could possibly have got then in India. If we had attempted to build locomotives on the scale for which we had a demand, it would have been an extraordinarily costly proceeding. Now, I hope, conditions have changed. If our examination which will be speedy is satisfactory, we should be able to embark with a far better period of demand than that which we have had for the last 17 years when we have bought abroad.

Then my Honourable friend referred to the Wedgwood Committee and quoted certain observations on raising rates. I think I could probably extract a little support for my policy even from the paragraph he quoted. But I would only suggest to him that the Wedgwood Committee were not contemplating a situation which we are now facing. He also suggested, I think, following a popular newspaper, that I was doing something terribly dreadful in trying to increase the reserves seven times. I submit that the arithmetic does not carry one very far. If instead of 48 lakhs

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in the reserve there had happened to be one rupee, I should have been accused of trying to increase it 30 million times. I do not know how that 48 lakhs came to be left. It is a small sum; but I repeat that the reserve we are trying to get and may not get is a small sum compared both with our income and with our capital. I do not propose to go into the subject of capital expenditure in spite of the invitation given by Mr. Aikman and some others. My Honourable friend, the Financial Commissioner, has already dealt with the position as regards the moratorium; and my reason for not dealing with the subject at the moment is that we are promised a debate next week when there is a Resolution on the subject of capital expenditure. I have no doubt that the matter can be discussed then with a saving of time to us at the present moment.

Mr Aikman asked me about artificial manures and insecticides. I understand that artificial manures will enjoy the exemption that we are giving to other manures and that weed-killers at least will also be exempted. There are other insecticides which are not necessarily used in agriculture and I cannot promise exemption for them. He also asked me whether we were removing the rebates on export coal. My answer is, not at the moment; but, obviously, the situation has changed since those rebates were given, and we are examining the question to find how far the continuation of the rebates is justified. He also asked me to deal with the question of removing the maximum on the coal surcharged. I would remind him that that maximum was put on in 1935. It was put on at a time when the coal industry were in such desperate straits that they were proposing to restrict production; and from that measure, a measure which as I believe, would have injured industry throughout the whole country and the coal industry in the end, they were mercifully saved by the Government of India. And, at that time, we gave them certain concessions, one, a reduction of the surcharge from 15 per cent to 12½ and the other, the imposition of the maximum. These are the concessions we are now withdrawing. They were put on when, I think, first-class coal was down to very nearly half its present price.

Then, Sir Ziauddin treated us to one of his dreams. I was not very sure throughout his speech which part of it was in dream and which part was in reality. When he said that I had not given any reasons for raising the rates I am quite sure he must have been dreaming through that part of my speech. He also referred to the appropriation we are making to the reserve of 2·98 crores. I sincerely wish it was an appropriation. The actual fact is that it is only a surplus that we hope to get. It is far from being an appropriation. The process I think was described by Sir Henry Gidney as making hay while the sun shone; but I was not quite clear when the gallant Colonel expected hay-making to be done.

Then, Sir Ziauddin went on and made a grievance of the fact that the results this year should result in a decrease in our operating ratio,—a very strange grievance indeed! He seemed to think there was some mathematical figure of operating ratio and that if you went below it or above it there was something wrong with your economy. That was,—as far as I could grasp it,—his argument. Well obviously, by spending in a somewhat extravagant fashion the extra revenue I am trying to get I could get my operating ratio to the exact figure Sir Ziauddin wants but I do not think that will be regarded by any one as sound finance. He went



on to taxation and propounded a very novel theory which I am sorry my Honourable colleague, the Finance Member, was not here to appreciate. So far as I could gather it was that as soon as a tax ceased to give the proportionate yield that the first instalment had given, it was an unsound tax. I think he was confused between that and what are called diminishing returns. Obviously, if the gross yield from a tax or even the net yield actually diminishes, the tax is unsound; but the mere fact that the second instalment of a tax is likely to yield a little less than the one before is no argument against it. Actually, of course, we must expect a slight fall in our traffic for every increase in the rates that we make, and we have made a certain amount of allowance for that.

Then my old friend, Mr. Joshi, made his usual eloquent plea for those workers to whom he has given his life's work; and he pleaded that the first duty of the railways was to give the workmen a comfortable life. Well I should like to do that. I do not know what his definition is of a comfortable life; but if I were asked to put down a figure in this country at which a man could live, educate his family and enjoy the better things of life and not merely the poorer things, it would be a very high figure indeed compared with the average wage that a man now receives in this country. But I would suggest that you cannot, in a business like this, proceed on the basis of first setting down a standard of livelihood that you regard as comfortable and then, irrespective of the position of anybody else in the country, giving that to the workers with whom you are concerned. I have always maintained that Government should be a good employer and I have done what I can to help them in that way. But I do not think it is really sound that Government should set an artificially high standard for its employees, a standard of living very substantially above that which the same amount of skill and energy yields in other walks of life. He said we could meet the 72 lakhs for the provident fund from this year's surplus. True, we could. But when I am making provident fund concessions I have to remember that these are charges on the railway budget for 30 years to come. And in seizing a little of the profits due to the temporary causes of the war, for this purpose, I am not sure that I do not go a little further than might strictly be justified. If it were merely a concession to be given this year, and if I had no liabilities in the future, I would agree that the 12 lakhs set aside is a meagre sum. But I have to remember that a provident fund, whether we give it 12 lakhs or anything else, is a charge that has to go on and on. He asked me to say how much of it we are giving to the provident fund. As I said in my speech, that will depend on other claims, and that is, surprisingly enough, one of the matters which he objected to our discussing with the Federation. My Honourable friend, Sir Henry Gidney, also objected, but for somewhat different reasons. And I was glad of Mr. Lalchand Navalrai's support. For although the Federation does not embrace within its ranks by any means all the workers on the railways it is the biggest organisation we have to deal with, and I believe its advice would be valuable. It is not my intention to throw upon them, as Mr. Joshi suggested, an unpopular decision; the decision, obviously, must be ours, but we value their advice and the advice of all who speak for labour in matters of this kind.

Then, Dr. Banerjee reminded me that taxation created discontent and he talked of huge burdens,—a phrase in which his Honourable Leader, Mr. Aney, echoed him. I know that, it creates discontent, and I may

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have something to say later on the subject of taxation. But when he went on to arithmetic I was completely unable to follow him. Calculating, apparently, on the surplus we have been making in the last few months he estimated that if we did not raise the rates at all we would get 631 lakhs in the coming year. How he reached that figure I am unable to say. I can only suppose that he took our earnings in the very few weeks immediately following the war and asked me to believe that those earnings, despite the burdens from which Sir Homi Mody is groaning, would be continued without intermission throughout the coming year. Perhaps he was echoing the letter which I received this morning from the Federation of Indian Chambers of Commerce in which they say:

"The Railway Member admits that in view of the prospects of an enormous increase in the goods traffic, the railways can look forward to a prosperous period during the duration of the war."

I need not remind the House that I said nothing of the kind. Then they go on to build up on that argument and say: "It is reasonable to assume that existing rates and fares would yield larger revenue" and so on. But I find that in the very next page they say that the decision of Government to impose this additional burden is based on an unduly optimistic view of the present situation. If we have taken an optimistic view of the present situation, I wonder what they would say of the view taken by Professor Banerjea

Sir Henry Gidney, I think, said that we ought to be subjected to the Excess Profits Tax. I submit that we have been subjected to that duty and more; for many years we have not been allowed to keep any of our profits and even this year, if my estimate is accurate, my Honourable colleague will get much the bigger share of our profits. He said that traffic in passengers was going down, and there he was echoed by Mr. Aney, who was, unfortunately, confused regarding the years in the financial statement. The years for which he was giving the comparison were last year and the year preceding that. This year our traffic is going up, not as rapidly as I would have liked; but at the present moment we are getting more than we were getting last year; and though we will be down on the whole year, we hope that the move will be slightly upward.

Then, he gave me a rose in his bouquet which I certainly did not deserve and suggested that I was about to give a ten per cent. rise to the daily-rated labour. I am afraid that is not my position if he will read my speech again. He alluded as a good example to certain employers in Calcutta who had given a ten per cent. increase. I wonder how many of them got reductions in the earlier years and how the earnings that the workmen are now receiving compare with those they were getting, let us say, in 1928-29. We also gave a ten per cent. increase when we restored the ten per cent. cut that we imposed in times of financial stress. In fact, so far as that kind of increase is concerned, I may say that we anticipated employers throughout the country. I am afraid I was not able to follow his argument about the comparative numbers of recruitment on State and Company-managed Railways. I did not know whether he was accusing State Railways of recruiting too many or Company Railways of recruiting too few . . . . .

**Lieut.-Colonel Sir Henry Gidney:** The former.

**The Honourable Sir Andrew Olow:** If that is so, I suggest that the State Railways cover a much larger area and employ a much larger number of men on their staff as compared with the Company-managed Railways, and though I was not able to check the figures, they did not seem to me to be disproportionate.

Sir Abdul Halim Ghuznavi dealt, as I expected, with coal and said: "You could not order coal for a year ahead". No one supposed you could. At least I did not. All we hope to do by this little differential rate is to try and encourage people to order coal a little earlier instead of, as they frequently do, a little late. I recognise that all manufacturers cannot, but those that can do it will be doing a service both to themselves and to the country. As a proof that is possible, I may say that so far as we can, we have been doing it ourselves and trying to build up our stocks at a time when the demand for wagons is slack. I was sorry he made the suggestion that in exempting food grains I was thinking of purchases by His Majesty's Government. I can assure him honestly that the idea never crossed my mind, and that the reasons for our exempting food grains are precisely the reasons that I gave in my budget speech. . . .

**Mr. M. S. Aney:** May I ask whether in fact His Majesty's Government are buying foodstuffs also from India for themselves and their allies?

**The Honourable Sir Andrew Olow:** I made telephonic inquiries from the Director General of Supplies and so far as I know he has placed no contracts for food grains for them that is all I can say.

Then, we had a series of speeches from Honourable Members from Sind,—Mr Shabhan, Mr Lalchand Navalrai and Mr. Bhutto, all of whom were eloquent in urging the claims of their province to various concessions. I wish I could give them a little hope as regards the Sind-Bombay Railway, but I am afraid I cannot. My estimate of the figures is very different from that prepared by the Buyers and Shippers Chamber, and I think, if the Honourable Member will cast his mind over experience in the past, he will find that if we have erred at all in estimates of railway revenue from new lines, we have erred on the optimistic side in the past. Then, they all pleaded the claims of Sindhis. I was rather alarmed at the prospect of adding to the difficulties which communal recruitment gives us, the difficulties of recruitment by provinces or even by divisions. I am, however, loath to believe, in view of the eloquence and capacity displayed in this House, that Sindhis are at a disadvantage when it comes to competition with people from other provinces. . . .

**Mr. Lalchand Navalrai:** The system is bad there.

**The Honourable Sir Andrew Olow:** I am not responsible for the system of education there, but I am quite sure that it will be remedied as time goes on. I think it was Mr. Navalrai who repeated the suggestion that I gave no reasons for increasing the rates. The reasons are simply that we cannot pay our dues without raising the rates, and in the second place, we want to do a little to make good times pay for bad ones. There is very little more to be said. He referred, as Sir Abdul Halim Ghuznavi did, to the increase of rates in 1936: I think he said it was done quietly.

[Sir Andrew Clow.]

I am not sure what is the difference between doing it quietly and doing it noisily, but the increase at the time was mentioned in the Explanatory Memorandum for the year and it was on a very few items. Actually, the trend of rates in the last few years owing to the grant of special concessions has on the whole been downwards.

Then there came that 'shorn lamb',—Sir Homi Mody. I have known him for many years and this is the first time I have been led to think of him as a lamb. His speech did not sound at all lamb-like to me. Echoing Professor Banerjea he complained that when times were bad we put up the rates because they were bad, and when they were good we put up the rates because they were good. There is this substance in his complaint that in 1931-32 when bad times came we had to put up the rates. I admit that. This was partly because in 1928-29 when times were good and the railways could have put more by than they did, they gave concessions and it was these concessions which cost about three crores a year, that had largely to be withdrawn in 1931 . . .

**Sir H. P. Mody:** Is it not a fact that when it suits the Government they claim that theirs is a wonderfully managed system and that no other railway system in the world compares with it in the way of what it earns on its capital, and when it suits them they sing to a different tune and say that a return of four per cent. is not good enough after providing for full depreciation?

**The Honourable Sir Andrew Clow:** I wonder if the Honourable Member is always satisfied with that.

**Sir H. P. Mody:** Public services are different.

**The Honourable Sir Andrew Clow:** The Honourable Member claimed,—and I think in view of the energy and industry he has put in during the last few years his claim is justified—to be representative of commerce and industry in this country. Few men have done more than he, but I wonder if he was speaking for commerce and industry when he was urging me to have no reserves and to live from hand to mouth. I wonder if he follows that principle in his own business. I am quite sure that if my friend, Sir Homi Mody, was standing in my place, he would approve of the policy that I am following . . .

**Sir H. P. Mody:** For some years I have been living on my own fat!

**The Honourable Sir Andrew Clow:** It is a case of the fatted lamb.

I do not propose to deal with my friend, Mr. Piracha's speech, because it is a subject which, I understand, is coming up,—I mean Muslim representation,—in the course of the demands for grants and will be more adequately discussed when we get to that. But I would like, before I finish, to say something about the question of taxation.

The main attack on the Railway Budget both inside and outside the House has been on the ground that the enhancement of the rates is improper because it is taxation. Let us look into the charge a little more

carefully. I admit that the effect of enhancing the rates must normally be to add a little to the prices of the articles. Does that constitute taxation or does it not? If it does, what are we to say about the much more substantial enhancements that have taken place in prices of commodities? My friend, Mr. Azhar Ali, suggested, that the enhancement of prices resulting from these rates would be "stifling to trade" and would be so tremendous that it may even affect our competitive position abroad. What is the effect of enhancements that have taken place in the last few months in commodities? So far as the purchaser is concerned, surely the effect is the same, whatever the increase of price is due to.

Let us look a little at the figures. I am going to begin with cotton, because that is particularly a vocal trade: at least, I won't say that of production, but of merchandising. I have had, for example, from the East India Cotton Association an eloquent plea expressing anxiety as to the position of the cotton grower. Now, in this month of February, I am told the price of M. G. F. G. Broach cotton,—I take it as the standard,—for April-May delivery in Bombay was Rs. 268 a candy. A year ago it was Rs. 152 per candy,—an enhancement of Rs. 116. The average increase we propose to put on cotton works out at less than one rupee a candy. Jute has risen, as the House knows, to extraordinary heights, and even now it is nearly Rs. 40 a bale over the price for a 500 lb. bale a year ago. We expect to get an increase of 2½ annas a bale. Take sugar, which is a commodity in which my friends from the United Provinces are interested. Taking a standard variety of Cawnpore, the prices have risen within the year by Rs. 1-9-0 a maund, and we expect the average increased freight to be about nine pies. Take oil seeds, and among the oil seeds, I will take groundnuts as a typical example, though it has not risen proportionately as much as other seeds. The price per candy of machine—decorticated nuts in Madras, I understand, has risen within the year just over Rs. 5. Our average increase in rate is about six annas. I do not want to go through the whole list, but I will take the commodity in which my friend, Sir Homi Mody, is interested,—steel products. Galvanised sheets at Calcutta have risen,—my friend will correct me if I am wrong,—by Rs. 3-8-0 a cwt. and mild steel joists have risen by Rs. 2. Our average increased freight amounts to just over an anna per cwt. I could go on multiplying examples indefinitely and burden the House, but I don't think I need do it because it is only general. The fact is that in the great bulk of commodities, there have been substantial increases, and only in the case of some of the heaviest commodities can the increased freight be regarded as even appreciable compared with the rise in prices which has already occurred in other ways. Is that taxation or is it not? If it is taxation, it is curious that it has not come in for far severer condemnation than our taxation has received, and if it is not taxation, in what do the increases we are imposing differ from it? I admit they do differ—and I will come to that later. Of course it may be said that our increases will, in some cases, not come from the consumer; in some cases, it will come from the middlemen; in some cases it will come from the supplier. If the protests I have received are any guide, it is the middlemen who have to pay in a number of cases. But suppose the incidence does fall in a few cases on the suppliers, whether they are primary producers or manufacturers or middlemen, in most cases they have already jointly received increases far exceeding

[Sir Andrew Clow.]

anything that we are asking for. And, surely, that is the relevance of the comparison on which so much scorn has been poured between the rise in prices and the rise for which we are asking.

Now, let me come to the real difference, the big difference, between our enhancements and the enhancements of prices which have occurred in other ways. I suggest to the House that the receipts out of our enhancements are going to the benefit of the community generally, whereas the receipts from the others go to benefit private or sectional interests. That, I suggest, is the big difference. Of our estimated receipts, Rs. 5½ crores go direct to general revenues to relieve the taxpayer precisely to that extent. I am not going to reveal any general budget secrets, but my Honourable colleague, the Finance Member, will not object to my saying that if he could not get this contribution, he would be obliged to make it good by other means, and when these other means are chosen, there will be no doubt at all that they will constitute taxation. I have not the slightest doubt that if the Finance Member were unable to get this 5½ crores, the proposals he would be compelled to substitute would raise a chorus of condemnation besides which the criticisms of the Railway Budget would sound almost like applause.

But, it has been asked, what about the surplus after meeting that obligation? That surplus, as the House knows, is estimated at nearly three crores. Now, on that I would like to say two things. In the first place, as I said in my opening speech, it involves a far larger element of speculation than any Railway Budget in recent years. We might conceivably get quite a lot more than we have estimated. We might much more easily get a great deal less. I am not a betting man, but if I were I would take a bet that we are more likely to get less than we have estimated rather than more, because, while our revenue can move in either direction fairly freely, our expenditure is not likely to fall very far short of what we have estimated and it might be considerably higher. Now, clearly at a time when fluctuations are big, and there may be bigger fluctuations ahead, it is surely unreasonable, knowing that I have got to pay this money to the general budget, for me to fix my estimate so that, if it is exactly correct, I pay that sum and no more. In other words, I leave the Finance Member uncertain as to whether he is to get any money or not. I think the House will agree that there ought to be a margin over that, and the only question is what the margin should be.

**Dr. Sir Ziauddin Ahmad:** Why did you not observe clauses 2 and 3 of the Convention of 1924 and pay the obligation to the general revenue before depositing any sum in the reserve?

**The Honourable Sir Andrew Clow:** I think my Honourable friend, Mr. Staig, dealt with that point in his earlier speech, but I have not noticed any great enthusiasm in the House for paying more to the general taxpayer than I am obliged to pay. The convention provides that after having paid that contribution the remainder up to a certain amount goes to the revenue reserve fund. I was asked, it is true, why we have not built up this reserve in past years. In past years, before we could have got anything into the reserve we would have had to make up the contribution to the general revenues, and that would have involved a bigger increase

in freights in past years than we propose this year. I would reiterate the point that you cannot work a great organisation like this on a hand to mouth existence and I am quite sure that in serious moments Sir Homi Mody would not make that demand. If you are going to fail entirely to take any advantage of more prosperous times, what is going to be the result? As Mr. Aikman has said, a depression is inevitable sooner or later, and the surplus for which we have budgeted if we get it—I have indicated I would be very glad to see it—if we get it, it will do something to prevent enhancements of rates, it will do something to prevent reductions in facilities, it will do something to prevent cuts in wages. I do not say that it will provide an adequate security,—what is three crores among so many and who can foresee what kind of depression is going to face us after the war? But I do say that it will provide some insurance and that a time will come when the House will be glad to have it and when the country will feel grateful to the House that endorsed the policy that provided it.

The Assembly then adjourned till Eleven of the Clock on Friday, the 23rd February, 1940.





# LEGISLATIVE ASSEMBLY

Friday, 23rd February, 1940

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. President (The Honourable Sir Abdur Rahim) in the Chair

## MEMBER SWORN.

Mr. Kodikal Sanjiva Row, C.I.E., M.L.A. (Government of India: Nominated Official).

## STARRED QUESTIONS AND ANSWERS.

### (a) ORAL ANSWERS.

#### OBTAINING OF EXPLANATION OF RAILWAY EMPLOYEES IN CASE OF ENHANCEMENT OF PUNISHMENT ALREADY INFLICTED.

**129. \*Mr. Lalchand Navalrai:** (a) Will the Honourable Member for Railways be pleased to state whether any provision exists in the Classification, Control and Appeal Rules for the non-gazetted railway servants, issued under the Railway Board's letter No. E.-34/R. G./6, dated 22nd June, 1935, to the effect that a notice should be served upon an employee and his explanation obtained if it is proposed to enhance the punishment already inflicted on him for any lapses?

(b) If the reply to part (a) above be in the negative, do Government propose to amend the rules accordingly? If not, why not?

**The Honourable Sir Andrew Clow:** (a) I presume the Honourable Member refers to the Rules regulating discipline and rights of appeals of non-gazetted Railway Servants. If so, the answer is in the negative.

(b) The question is being examined.

**Mr. Lalchand Navalrai:** When a man is punished and the punishment is going to be enhanced, may I know why a notice should not be given to him to explain as to why there should be no enhancement and even the original orders should be withdrawn?

**The Honourable Sir Andrew Clow:** May I know why a notice should be given to the man if the original punishment is going to be enhanced?

**Mr. Lalchand Navalrai:** If the original punishment is a lenient one and it is going to be enhanced, there would be further grounds. Therefore, the man must be given an opportunity to explain as to why the punishment should not be enhanced.

**The Honourable Sir Andrew Clow:** I said that the question was being examined.

**PAY OF DAILY-RATED STAFF OFFICIATING IN HIGHER GRADES ON STATE RAILWAYS.**

**130. \*Mr. Lalchand Navalrai:** (a) With reference to the answer to the supplementary to my starred question No. 209, asked on the 19th September, 1939, will the Honourable Member for Railways be pleased to state whether any action has been taken by the Government of India to ensure uniformity in the Fundamental Rules prevailing on the different State-managed Railways, in the matter of officiating service by the inferior daily-rated staff counting towards increment?

(b) Is it a fact that under Rule 30 of the Fundamental Rules officiating service in a higher grade counts towards increment? If so, why is the daily-rated staff on the North Western Railway dealt with differently?

**The Honourable Sir Andrew Clow:** (a) No. But Government are carrying out an examination of certain aspects of the question.

(b) This is the normal effect of rule 26 (a), provided that the duty is performed in a post on a regular time-scale. As I explained in the reply to the Honourable Member's question No. 209 of 19th September, 1939, the differences are due to differing action under rule 143 (2) of the State Railway Establishment Code.

**Mr. Lalchand Navalrai:** May I know why there should be any difference between the North Western Railway and other Railways in this matter? Is the North Western Railway superior or sacred?

**The Honourable Sir Andrew Clow:** The simple reason is that different administrations have taken different views, but actually the position on the railways is not identical, because in some places there are, I think, a good many more daily-rated men than in others.

**Mr. Lalchand Navalrai:** May I request the Honourable Member to see that there is a uniform rule; otherwise different rules in different railways under the same Government would be felt as a hardship?

**The Honourable Sir Andrew Clow:** I have said that we are examining certain aspects of this question.

**REFUND OF OVERDRAWALS BY CERTAIN EMPLOYEES ON THE NORTH WESTERN RAILWAY.**

**131. \*Mr. Lalchand Navalrai:** (a) With reference to the answer to my supplementary to my starred question No. 281, asked in September, 1939, will the Honourable Member for Railways be pleased to state whether it is a fact that the deductions from the wages of certain employees on the North Western Railway, representing the difference between the old and the revised scales of pay, have been stopped in accordance with the opinion of the Supervisor of Railway Labour?

(b) If the reply to part (a) above be in the affirmative, have the employees concerned received refunds of the amounts previously deducted from their wages? Is it a fact that the Railway Board has called for a statement of amounts previously deducted? If so, when is the refund likely to be arranged? If not, why not?

**The Honourable Sir Andrew Clow:** (a) and (b). I would refer the Honourable Member to the information laid on the table of the House on the 6th February, 1940, in reply to his starred question No. 1537 asked on the 5th April, 1939.

**Mr. Lalchand Navalrai:** My question is this. When these withdrawals were considered illegal and some of them were returned, may I know why the money, that has been taken from these men in an illegal manner and which has not been returned, has not been refunded. I am asking for the future, not in regard to the past.

**The Honourable Sir Andrew Clow:** To the best of my recollection, I do not think that the withdrawals were considered illegal but if the Honourable Member will refer to the statement laid on the table to which I have referred and which apparently he has not yet read, he will find that it has been decided to waive the recovery of amounts paid in excess more than one year before the discovery of over-payment and if recoveries already made exceed the amounts which it has now been decided to recover these will be refunded.

**PROVISION OF AN ENQUIRY OR RESERVATION CLERK AT HYDERABAD (SIND) RAILWAY STATION.**

**132. \*Mr. Lalchand Navalrai:** (a) Will the Honourable Member for Railways be pleased to state the names of stations on the North Western Railway which employ

- (i) enquiry clerks, and
- (ii) reservation clerks?

(b) Is it a fact that Hyderabad (Sind) station is a junction having connection with the Jodhpur Railway? Why is no Enquiry or Reservation Clerk provided at this station?

(c) Is it a fact that the matter has been repeatedly brought before the Local Railway Advisory Committee?

(d) Is it a fact that an Enquiry Clerk is employed at Rohri station? If so, is it proposed to lay on the table of the House a statement for six months ending 31st December, 1939, showing the following information for Hyderabad and Rohri stations:

- (i) Number of upper class tickets issued;
- (ii) Number of reservation coupons issued;
- (iii) Number of enquiries attended to?

(e) Is it a fact that there is also a public telephone connection at Hyderabad (Sind) on which enquiries are made from railway officials, while no such telephone connection is provided for at Rohri station? Is it also a fact that there have been complaints of non-attendance to these telephone enquiries as no particular person is charged with the duties to reply to such telephone calls?

(f) Do Government propose to have:

- (i) an enquiry or reservation clerk at Hyderabad (Sind); or
- (ii) transfer the present Rohri clerk to Hyderabad (Sind);

to afford necessary facilities to public at Hyderabad? If not, why not?

**The Honourable Sir Andrew Clow:** (a) (i). Enquiry clerks are employed at Peshawar Cantonment, Rawalpindi, Lahore, Amritsar, Delhi, Simla, Rohri, Karachi Cantonment, Karachi City and Quetta.

(ii) Reservation clerks are employed at Lahore and Delhi only. Enquiry clerks at Peshawar Cantonment, Rawalpindi, Simla and Quetta do reservation work also.

(b) The answer to the first portion of the question is in the affirmative. As regards the second portion, the Administration consider that the existing staff is sufficient and the employment of an enquiry or reservation clerk is unnecessary.

(c) On three occasions.

(d) Yes. The statement asked for by the Honourable Member is laid on the table.

(e) A telephone connection is provided at Hyderabad but not at Rohri. To meet the complaints of inattention to calls from the public, the telephone at Hyderabad was moved to the Booking Office with an extension to the office of the Assistant Station Master on duty and no further complaints have since been received.

(f), (i) and (ii). Government do not propose to interfere in this matter of detail. They are satisfied that the question of appointing a clerk at Hyderabad has received the careful consideration of the Railway Administration and understand the General Manager is re-examining the question of retaining the enquiry clerk at Rohri.

*Statement.*

Name of Station.	No. of upper class tickets issued during the 6 months July to December 1939.		Total.	No. of reservation coupons issued during the 6 months July to December 1939.	No. of enquiries attended during the 6 months July to December 1939.
	1st Class.	2nd Class.			
Rohri . . . .	52	1,165	1,217	59	728 approx.
Hyderabad . .	232	2,926	3,158	406	6,370 approx. (telephone calls).

**BOOK-STALL CONTRACT ON THE NORTH WESTERN RAILWAY.**

†133. **\*Bhai Parma Nand:** (a) Will the Honourable the Railway Member be pleased to state whether it is a fact that arrangements made between the North Western Railway Administration and Messrs. A. H. Wheeler and Company regarding the bookstalls on station platforms are to expire in 1940?

(b) If so, will Government kindly state if they intend to issue a public notice before the renewal of the present arrangements?

(c) If not, will Government kindly state the reason why they are departing from the past practice in this matter?

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† Answer to this question laid on the table, the questioner being absent.

**The Honourable Sir Andrew Clow:** (a) The present contract is due to expire then but the General Manager has renewed the contract for a further period of three years, with an option of renewal for a further three years.

(b) and (c). Do not arise.

#### METEOROLOGICAL OBSERVATORY AT KARACHI.

**134. \*Seth Haji Sir Abdoola Haroon:** (a) Will the Honourable Member for Railways and Communications be pleased to state the approximate amount of expenditure incurred annually on meteorological organisation situated at Karachi during the last three years?

(b) How long has the organisation existed?

(c) What benefits are derived by Government and the public by its maintenance?

(d) Are Government aware that there is a strong rumour that forecasts of the above Organisation seldom turn out to be true?

(e) What do Government propose to do in the matter to derive benefit out of the department for which it is maintained?

**The Honourable Sir Andrew Clow:** (a) I lay a statement on the table.

(b) Since December, 1926.

(c) The Meteorological Office, Karachi, was established primarily as a forecasting centre for aviation to fulfil the requirements of the International Convention for Air Navigation to which India is a party. It issues weather reports and forecasts for several main air routes in North-West India, including the air route from Sharjah and Jask on the West to Jodhpur and Raj Sumand on the East. It issues a daily telegraphic summary of the weather over North-West India during the past 24 hours and a forecast of the major changes in weather expected during the next 24 hours. It prepares climatological summaries which are of considerable value in connection with engineering, agriculture, irrigation, public health, water-supply and drainage. It broadcasts synoptic data of selected stations in its area twice daily through the local aeronautical wireless station for the benefit of neighbouring meteorological services.

(d) No. In the present state of meteorological science forecasts cannot all be correct, but I understand that the services of this station are appreciated by aviators to whom accurate forecasts are of particular importance.

(e) Does not arise.

#### *Statement.*

	Rs.
1936-37 . . . . .	78,658
1937-38 . . . . .	79,047
1938-39 . . . . .	81,082

The approximate annual expenditure on weather telegrams during these years was Rs. 1,70,000.

\* Answer to this question laid on the table, the questioner being absent.

### LATE ARRIVAL OF TRAINS AT THE DELHI RAILWAY STATION.

**135. \*Dr. Sir Ziauddin Ahmad:** (a) Will the Honourable the Railway Member be pleased to lay a statement on the table showing the arrival time of Up East Indian Railway trains at Delhi station in the month of January, 1940, and showing the number of minutes by which the trains were late?

(b) Did the East Indian Railway Administration attempt to find out the unpunctuality of these trains?

(c) What percentage of fast trains of the East Indian, the Great Indian Peninsula, the Bombay, Baroda and Central India and the North Western Railways arrived at Delhi station late by more than five minutes in the month of January?

**The Honourable Sir Andrew Clow:** (a) I have obtained a statement giving these particulars but it is a very large one and could not easily be incorporated in our debates, even if the details were of general interest. It is open to inspection by the Honourable Member or any other Honourable Member in the Railway Board's Office

(b) Yes

(c) East Indian Railway 55 per cent.

Great Indian Peninsula Railway 26 per cent

Bombay, Baroda and Central India Railway 32 per cent.

North Western Railway 21 per cent.

**Dr. Sir Ziauddin Ahmad:** If the Honourable Member gave us a list of the trains which arrived in time, the answer will be 'No'.

**The Honourable Sir Andrew Clow:** The Honourable Member cannot draw that inference from the reply I have given to part (c).

**Dr. Sir Ziauddin Ahmad:** I have personal experience of the East Indian Railway. On every occasion on which I happened to travel, the train arrived late.

**The Honourable Sir Andrew Clow:** My Honourable friend has been unlucky.

**Dr. Sir Ziauddin Ahmad:** I have yet to see a person who is more lucky than myself.

### OPTION TO RAILWAY STAFF TO CHOOSE NEW OR OLD LEAVE RULES.

**136. \*Mr. N. M. Joshi:** Will the Honourable the Railway Member be pleased to state:

(a) whether it is a fact that Government had given option to all railway employees engaged prior to 1st April, 1930, to choose either (i) the Old Leave Rules by which they were governed up to that date, or (ii) the Revised State Railway Leave Rules;

- (b) whether any class of employees were excepted from the operation of the exercise of this choice; and
- (c) if so, the categories and the particulars of such staff and also the grounds on which such exceptions were based?

**The Honourable Sir Andrew Olow:** (a), (b) and (c). The option referred to was given to all railway servants appointed prior to the 1st April, 1930, with the following exceptions

- (i) The Chief Commissioner of Railways, the Financial Commissioner of Railways and the Members of the Railway Board.
- (ii) Railway servants under the administrative control of the Auditor General (including those whose services are temporarily placed at the disposal of the Financial Commissioner of Railways)
- (iii) Officers of the Indian Audit and Accounts Service.
- (iv) Military Commissioned Officers.
- (v) Railway servants appointed in England by the Secretary of State in Council.
- (vi) Those appointed on the condition that when the revised leave rules for State Railway employees were introduced, they would be brought under them.

Those in the first five categories were excluded because under the conditions of their service their leave was governed by other rules. Those in the sixth category were excluded because of the condition of their appointment which has been mentioned.

#### **HOLIDAY TO WORKSHOP STAFF GOVERNED BY THE REVISED STATE RAILWAY LEAVE RULES.**

**137. \*Mr. N. M. Joshi:** Will the Honourable the Railway Member be pleased to state:

- (a) whether it is a fact that Government have given concession of 17 days' holiday with pay to such of the workshop staff as are governed by the Revised State Railway Leave Rules;
- (b) if so, whether there is any test for determining the categories of workmen who are called workshop staff;
- (c) whether such test was published in the Periodical Gazette; and
- (d) if not so published, whether it is proposed to publish the same now?

**The Honourable Sir Andrew Olow:** (a) No. Staff who are daily-rated or were originally daily-rated are normally granted holidays with pay, but the number of such holidays is not the same in all workshops—it is 17 in some—and no distinction is drawn between those subject to the Revised Leave Rules and those subject to the older rules.

- (b), (c) and (d). Do not arise.

# DIFFERENT GRADES OF DRIVERS AND GUARDS ON THE GREAT INDIAN PENINSULA RAILWAY.

**138. \*Mr. N. M. Joshi:** Will the Honourable the Railway Member be pleased to state:

- whether it is a fact that on the Great Indian Peninsula Railway there are four classes of Drivers and Guards, namely, A, B, C and D;
- whether it is a fact that these classes have got different grades of pay;
- if the answer to part (b) be in the affirmative, what the grades of pay of each class of Drivers and Guards are;
- the number of posts of Guards and Drivers of each class and grade;
- whether it is a fact that an anomaly has been created by reason of keeping uneven number of grades kept in the Drivers' class as compared with those of the Guards;
- whether Government are prepared to abolish the different grades and introduce uniform scales to Drivers and Guards; and
- if not, the reasons for not adopting such a course?

**The Honourable Sir Andrew Clow:** (a), (c) and (d). I lay on the table a statement giving the latest information available to Government which refers to August, 1939.

(b) Yes.

(e), (f) and (g) I am not aware of any anomaly. There are more grades of drivers than of guards, but the duties are different and there is no sufficient reason for interference to secure uniformity.

## Drivers.

Grade.	Old Scale.	New Scale.	Total No.
	Rs.	Rs.	
Mail and Passenger Driver "A" Class and Ghaut	285—310 . . .	225 . . .	113
Mail and Passenger Driver "B" Class	220—235 . . .	225 . . .	67
Goods Driver "A" Class . . .	180—15—15—20—10— 20—15—15—270.	140—20—200	202
Goods Driver "B" Class . . .	130—10—20—15—15— 20—210.	110—10—130	129
Driver "C" Class . . .	125—140 . . .	90 . . .	48
(Branch Line Passenger and Main and B. L. Passenger Shuttles.)			(included 13 Tempy.)
Driver "C" Class (Branch Line, Mixed and Goods).	72—10—8—20—15—125	90 . . .	113
Driver "D" Class (Shuttle)	66—6—72 . . .	60 . . .	10
Driver "D" Class (Banking)	56 . . .	50 . . .	17
Driver "D" Class (Shunting)	46 . . .	50 . . .	150
Driver "D" Class (Shunting)	56—66 . . .	50 . . .	44
Assistant Goods Driver "A" Class	75—15—15—10—115	60—5—90	10
Assistant Goods Driver "B" Class	60—10—90 . . .	60—5—90 . . .	109
Assistant Goods Driver "C" Class	40—10—60 . . .	60—5—90 . . .	24



Grade.	Guards.		Total.
	Old scale. Rs.	New scale. Rs.	
Passenger Guard "A" Grade .	170—15—10—15—210 .	160 . . .	151
Goods Guard "A" Grade .	115—15—10—15—155 .	120 . . .	83
Goods Guard "B" Grade .	70—10—15—10—15—10 —130.	70—5—90 .	341
Guard "C" Grade . . .	50—5—70 . . .	50—5—60 .	94
Guards "C" Grade . . .	50—5—70 . . .	60 . . .	77
Guard "D" Grade . . .	35—3—50 . . .	30—4—50 .	41

**CHANNEL OF PROMOTION FOR FIREMEN ON THE GREAT INDIAN PENINSULA RAILWAY.**

**139. \*Mr. N. M. Joshi:** Will the Honourable the Railway Member be pleased to state:

- whether it is a fact that there are three classes of Firemen on the Great Indian Peninsula Railway, namely, A, B, and C, and their channel of promotion is A Class Fireman to B Class Driver and C Class Fireman to C Class Drivers;
- if the answer to part (a) be in the affirmative, whether it is a fact that an A Class Fireman on Rs. 115, the maximum of his grade, gets on promotion Rs. 160 and reaches Rs. 310, the maximum of A Class Driver, while the seniormost B Class Driver would remain on his maximum of Rs. 235 or a C Class Driver on Rs. 140;
- whether Government are prepared to abolish the different channels of promotions and introduce a uniform method of promoting all Firemen as C Grade Drivers, C Grade Drivers as B Class Drivers and B Class Drivers as A Class; and
- if not, the reasons for not adopting such a course?

**The Honourable Sir Andrew Clow:** With your permission, Sir, I propose to answer questions Nos. 139 and 140 together.

I have called for information and will lay a reply on the table of the House in due course.

**EMPLOYMENT OF STAFF FOR CONSERVANCY WORK IN THE PAREL WORKSHOPS OF THE GREAT INDIAN PENINSULA RAILWAY.**

**†140. \*Mr. N. M. Joshi:** Will the Honourable the Railway Member be pleased to state:

- whether it is a fact that in the Parel Workshops of the Great Indian Peninsula Railway, separate staff is employed for conservancy purposes;
- if not, whether the ordinary workmen are required to do conservancy and similar other jobs;
- whether Government propose to consider the employment of a staff for conservancy work; and
- whether refusal to do such work by ordinary workers is made punishable?

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† For answer to this question, see answer to question No. 139.

**COMMUNAL COMPOSITION OF CERTAIN ASSISTANT WAY INSPECTORS ON THE NORTH WESTERN RAILWAY.**

**141. \*Mr. H. M. Abdullah:** Will the Honourable Member for Railways please state, community-wise, *viz.*, Hindus, Muslims and other minority communities:

- (a) the number of Assistant Way Inspectors qualified for the post of Permanent Way Inspectors on the North Western Railway;
- (b) the number of Assistant Way Inspectors officiating as Permanent Way Inspectors at present in Multan and Lahore Divisions; and
- (c) the number of Assistant Way Inspectors confirmed as Permanent Way Inspectors during the course of the last three years?

**The Honourable Sir Andrew Clow:** (a) 66 Hindus, 51 Muslims. 19 Sikhs and eight Anglo-Indians.

(b) Three Hindus and two Muslims

(c) In the three years ending 31st December, 1939, the numbers are six Hindus, four Muslims, two Anglo-Indians, one Indian Christian and one Sikh

**MUSLIM OFFICE SUPERINTENDENTS AND HEAD CLERKS ON THE NORTH WESTERN RAILWAY.**

**142. \*Mr. H. M. Abdullah:** Will the Honourable Member for Railways please refer to the reply to part (f) of question No. 191, asked by Khan Bahadur Shaikh Fazl-i-Haq Piracha on the 14th September, 1939, and state:

- (a) whether he has ascertained from the General Managers of Railways what difficulties have stood in the way of the General Managers of Railways in complying with the desire of the Railway Board for the employment of more Muslims as Head Clerks, Superintendents and Office Superintendents;
- (b) whether he is satisfied that the difficulties were genuine; and
- (c) what steps, if any, have been, or are being taken to overcome any such difficulties?

**The Honourable Sir Andrew Clow:** (a) to (c). The matter is still under examination

**MUSLIM TRAFFIC INSPECTORS ON THE NORTH WESTERN RAILWAY.**

**143. \*Mr. H. M. Abdullah:** (a) Will the Honourable Member for Railways please refer to his answer to part (d) of my question No. 270, asked on 22nd September, 1939, and state the number of Muslim Traffic Inspectors on the North Western Railway selected as a result of the interview of the candidates on 3rd July, 1939?

(b) What is the total number of selected candidates, community-wise?

**The Honourable Sir Andrew Clow:** I have called for the information and will lay a statement on the table of the House in due course.

# DEARTH OF MUSLIMS IN THE RAWALPINDI DIVISION OF THE NORTH WESTERN RAILWAY.

**144. \*Mr. H. M. Abdullah:** Will the Honourable Member for Railways please refer to his answer to part (b) of question No. 244, asked by Maulana Zafar Ali Khan in the Legislative Assembly on 19th September, 1939, regarding dearth of Muslims in the Rawalpindi Division of the North Western Railway and state:

- (a) whether it is a fact that the four persons said to have been taken from other departments were taken as follows:
  - (i) one man, who was a purely temporary substitute cooly, was transferred against a permanent appointment;
  - (ii) two men, holding purely temporary appointments in the same Electrical Department of the Rawalpindi Division employed on construction works, were transferred against permanent appointments; and
  - (iii) one man was transferred from the Engineering Department,
- (b) whether it is a fact that communal ratios have to be applied in cases of transfer from temporary to permanent establishments and whether they were applied in the case of items (i) and (ii) of part (a) above;
- (c) on what dates exactly the three coolies, said to have been discharged, were actually settled up;
- (d) whether the vacancies created by the discharge of these persons were filled up by permanent incumbents or by other substitutes; what the communal composition of their successors was,
- (e) whether any special authority had been given to the Divisional Superintendent, Rawalpindi, to recruit non-Muslims alone in this particular category from September, 1935, to April, 1939; if not, why no Muslim was recruited;
- (f) what was the total number directly recruited during this period; if any of these was a Muslim, the period of his appointment;
- (g) whether it is a fact that non-Muslims were recruited direct in these categories in the Rawalpindi Division on the dates noted below and that no Muslim was so recruited during that period:

October, 1936,

December, 1936.

April, 1937.

April, 1938,

November, 1938; and

- (h) if so, whether Government now propose to direct the General Manager to obtain the explanations of the persons responsible for defying instructions in regard to the communal representation and take necessary action against them to prevent a recurrence of such incidents in future?

**The Honourable Sir Andrew Clow:** (a) One man was taken from the Engineering Department. The other three were taken from construction, where such appointments are ordinarily temporary.

(b) The answer to the first part is in the affirmative. As regards the second part, the orders regarding communal representation for inferior services do not treat the electrical branch separately and any deficiency in the electrical branch will have to be made good in some other branch.

(c) and (d). Government are not in possession of these particulars

(e), (f) and (g). I am not aware of any special authority given to Divisional Superintendents in this matter. I have given, in part (c) of the reply to the question cited by the Honourable Member, figures which would indicate that Muslims were recruited during the period in question, but in view of the Honourable Member's question, I am calling for the particulars he desires and shall ask that the previous information should be checked.

(h) There is no indication of any defiance of instructions having taken place.

#### APPOINTMENT OF A MUSLIM AS ASSISTANT SIGNAL ENGINEER ON STATE RAILWAYS.

**145. \*Mr. H. M. Abdullah:** Will the Honourable Member for Railways please refer to part (d) of question No. 240, asked by Maulana Zafar Ali Khan in the Legislative Assembly on 19th September, 1939, and state.

(a) whether recruitment has since been made to the posts of Assistant Signal Engineers for Railways by the Federal Public Service Commission; and

(b) whether the Federal Public Service Commission had been advised before the recruitment took place that one of the vacancies was reserved for a Muslim, as stated in reply to part (d) of the above noted question; if not, why not?

**The Honourable Sir Andrew Clow:** (a) and (b). Yes. The latter part of (d) does not arise.

#### NECESSITY OF A RADIO STATION FOR SIND.

**146. \*Mr. Lalchand Navalrai:** (a) Will the Honourable Member for Communications be pleased to state if his attention has been drawn to an editorial in the *Sind Observer*, dated Tuesday, the 6th February, 1940, regarding the necessity of a radio station for Sind?

(b) Is it a fact that the Provincial Government of Sind have made representations to the Government of India for establishing a radio station in Sind as early as possible, especially in these days when it is in the public interest of Sind to listen to authentic news throughout Sind?

(c) What do Government propose to do in the matter which is pending since long and for which hopes have been given on the floor of this House?

**The Honourable Sir Andrew Clow:** (a) and (b). Yes.

(c) The attention of the Honourable Member is invited to the reply given by Sir Thomas Stewart to his starred question No. 1914 on the 7th December, 1938. It will be realised that war-time conditions have not rendered the position easier and I cannot give any undertaking at present.

**Mr. Lalchand Navalrai:** Will it be after the war is over?

**The Honourable Sir Andrew Olow:** I cannot give any undertaking at present.

**Mr. Lalchand Navalrai:** May I know if the Honourable Member knows that on the floor of this House at least a hope was given that it would be done after Dacca, that is, a broadcasting station would be established at Karachi?

**The Honourable Sir Andrew Olow:** I have no objection to the Honourable Member entertaining that hope.

#### GUARDS ON THE NORTH WESTERN RAILWAY.

†147. **\*Sardar Sant Singh:** Will the Honourable Member for Railways please refer to the reply given to part (d) of starred question No. 157f, asked on the 29th November, 1938, placed on the table of the House on the 14th February, 1939, regarding guards on the North Western Railway, and state.

- (a) the consideration or criterion upon which increase and decrease in sanctioned strength in each grade is made;
- (b) the number of trains (mail, express, passenger and goods, separately) taken into consideration for fixing the strength in each grade in 1928 and on 8th November, 1938, division by division;
- (c) casualties which took place in each grade between 1928 and 1939;
- (d) sanctioned and actual strength in each grade on 1st January, 1940; and
- (e) the reasons for discrimination, if any, between grades IV, III, II and I?

**The Honourable Sir Andrew Olow:** (a), (d) and (e). I have called for information and will lay a reply on the table of the House in due course

(b) and (c). I regret it is impracticable to obtain all the information required to enable a reply to be given.

#### GUARDS ON THE NORTH WESTERN RAILWAY.

†148. **\*Sardar Sant Singh:** Will the Honourable Member for Railways please state the criterion on which the appointments of guards on the North Western Railway are divided into grades, that is, whether it is the nature of duty, importance of trains, responsibilities, or anything else?

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† Answer to this question laid on the table, the questioner being absent.

**The Honourable Sir Andrew Clow:** The classification of guards into grades has reference to the work to be done. Second guards are not placed in charge of trains. The division into the other grades has a general correspondence with the classification of trains, the highest grade being normally employed, for example, on mails and fast express trains. But it is not practicable to confine such guards entirely to such work and there is no completely rigid line between the duties assigned to guards in grades above the lowest.

#### GUARDS ON THE NORTH WESTERN RAILWAY.

†149. **\*Sardar Sant Singh:** Will the Honourable Member for Railways please state:

- (a) whether it is a fact that guards on the North Western Railway are not given promotions to higher pay in grades than Rs. 115 and Rs. 68;
- (b) the minimum and maximum length of service on Rs. 115 and on Rs. 68 respectively, of a guard awaiting promotion to higher pay in grades;
- (c) the number of staff blocked on Rs. 115 and Rs. 68, respectively, and
- (d) the reasons for such block?

**The Honourable Sir Andrew Clow:** (a) These are the maxima of grades II and III on the old scale and are therefore drawn by guards who have reached that stage and do not secure further promotion.

(b) and (c) I have called for the information and it will be furnished to the House at a later date.

(d) The Honourable Member is referred to part (c) of the information laid on the table on the 14th February, 1939, in reply to his starred question No. 1576 asked on the 29th November, 1938.

#### POST OF THE SUPERINTENDENT OF POST OFFICES, AMBALA DIVISION, HELD BY MEMBERS OF ONE FAMILY.

150. **\*Maulvi Muhammad Abdul Ghani** (on behalf of Maulana Zafar Ali Khan): (a) Will the Honourable Member for Communications be pleased to state whether it is a fact that the post of Superintendent of Post Offices, formerly Simla, now Ambala Division, has been held by the members of a single family of Jullundur for the last three generations and the present Superintendent belongs to the same family, inasmuch as the first of the family, was, on retirement, succeeded by his son who on retirement was succeeded by his younger brother and now a nephew of his is holding charge of the Division?

(b) If the answer to part (a) be in the affirmative, will Government please state the reasons why such a thing has been allowed to continue for so long?

(c) Will Government please state how far the appointment of the present Superintendent to the said Division is justified?

(d) Are Government prepared to replace the present Superintendent immediately by another Superintendent?

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†Answer to this question laid on the table, the questioner being absent.

**The Honourable Sir Andrew Clow:** (a) The facts are not exactly as stated by the Honourable Member. During the last thirty years, there have been two members of the same family who have been in charge of the Simla Postal Division; the first one from 1909 to 1919 and the second one from 1919 to 1921. The present Superintendent of Post Offices, Ambala Division, who is the son of the Superintendent who was in charge of the Simla Division from 1909 to 1919 was posted to that Division in April 1938.

(b) Does not arise.

(c) Government have no reason to believe that the appointment is not fully justified

(d) There are no grounds for so doing.

**Mr. Muhammad Nauman:** May I know, with regard to this post, whether it is considered to be an appointment to be filled by competition or one which is considered to be a hereditary post?

**The Honourable Sir Andrew Clow:** It is not considered to be a hereditary post at all

**Mr. Muhammad Nauman:** But then it appears so.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member cannot argue.

**Dr. Sir Ziauddin Ahmad:** May I ask one question if the Honourable Member is in a position to answer it? May I know who the persons were who occupied these posts between 1921 and 1938?

**The Honourable Sir Andrew Clow:** I have not got such a statement here, but I can assure the Honourable Member that I did look at it and that it contains the names of Europeans or Anglo-Indians and I think at least one Muslim.

**Maulvi Muhammad Abdul Ghani:** May I know whether all these Superintendents from amongst the same family were appointed by direct recruitment or by competition?

**The Honourable Sir Andrew Clow:** I do not know whether they were made by recruitment or by promotion

**Maulvi Muhammad Abdul Ghani:** May I know whether it is, in the public interest, desirable to place a division in the charge of persons of the same family?

**The Honourable Sir Andrew Clow:** I can see no objection at all to appointing in 1938 a man who is a son of a gentleman who last held the appointment in 1919.

#### PRODUCTION OF MEDICAL CERTIFICATES BY SUBORDINATE RAILWAY OFFICIALS.

151. **\*Mian Ghulam Kadir Muhammad Shahban:** (a) Will the Honourable Member for Railways be pleased to state whether it is a fact that railway employees on State-managed Railways are supposed to produce sickness certificates from the railway medical staff?

(b) If the reply to part (a) above be in the affirmative, are certificates from the following also accepted?

- (i) Government doctors,
- (ii) doctors of local bodies, and
- (iii) registered practitioners?

(c) Is the Honourable Member aware that in all other Government Departments or even courts, certificates from officers mentioned in part (b) above are accepted? If so, what objection should the railway administrations have in not accepting a certificate from such medical officers?

(d) Is it a fact that no railway employee is bound to undergo the treatment of a railway medical officer, and he is free to have medicine or treatment from any doctor? If so, what objection is there to accept certificates from officers mentioned in part (b) above?

(e) Do the railway doctors countersign certificates given by Government or private doctors? If so, what is the consideration for such counter-signature?

(f) Does the Honourable Member approve of the necessity of counter-signature of certificates issued by the Civil Surgeons or such highly qualified medical authorities? If so, why?

**The Honourable Sir Andrew Clow:** (a) Yes, except in the case of staff whose residence is beyond the jurisdiction of a railway doctor

(b) Yes, in the case of railway servants residing beyond the jurisdiction of a railway doctor, with the proviso that the competent authority may accept the certificate or refer it to the District Medical Officer for advice or investigation and then deal with it as circumstances may require

(c) The answer to the first part is in the negative. The latter part does not arise

(d) The answer to the first part is in the affirmative. As regards the latter part, railway doctors have experience of the conditions under which railway staff work and are in a much better position to say when leave on medical certificate is required than outsiders

(e) The answer to the first part is in the affirmative. A railway doctor does not receive any specific remuneration for this duty.

(f) As regards the first part, I presume the Honourable Member refers to medical qualifications. If so, the answer is in the negative. The latter part does not arise, but I would refer the Honourable Member to my predecessor's reply to a cut motion moved by Mr. N. M. Joshi on 21st February, 1938, in the first paragraph on page 905 of the Legislative Assembly Debates for that day. This explains the importance which Railway Administrations attach to certificates from their own doctors

**Mr. Lalchand Navalrai:** May I know from the Honourable Member that, in case a competent Civil Surgeon outside the Railway Department gives a certificate, and if there is no objection or rather any doubt about any authenticity of it, then will the Honourable Member advise the Administration that, only in those cases of course, they need not refuse those certificates but may accept them?



**The Honourable Sir Andrew Clow:** Will the Honourable Member kindly repeat his question?

**Mr. Lalchand Navalrai:** May I know if a certificate from an outsider doctor who is already competent as a Civil Surgeon is produced for the illness of an employee, and when that is forwarded to the head office or to the D. M. O., then the D. M. O., if he is in doubt, then only he should reject it, but that otherwise there should be no objection to accepting it when he is satisfied that the man is ill,—that is, he should be given at least that discretion?

**The Honourable Sir Andrew Clow:** No, Sir, I do not think that. I am afraid the answer to part (f) of the question was not clear, because my own view is that there ought to be a countersignature even when the officer is well-qualified, for the reason that the railway doctors are naturally specialists in this line and are very often acquainted with the previous medical history of particular men.

**Mr. President** (The Honourable Sir Abdur Rahim): Next question

**ALLOWANCE ADMISSIBLE TO GOODS CLERKS IN TRANSIT DUTY ON THE NORTH WESTERN RAILWAY.**

**152. \*Mian Ghulam Kadir Muhammad Shahban:** (a) Will the Honourable Member for Railways be pleased to state whether any allowance is admissible on the North Western Railway to Goods Clerks employed in transit duty?

(b) If the reply to part (a) above be in the affirmative, is such allowance paid to Parcel Transit Clerks? If not, why not?

**The Honourable Sir Andrew Clow:** (a) Yes

(b) The answer to the first part is in the negative. As regards the latter part, the duties performed by parcel clerks who do transhipment work are not of such an arduous nature as to warrant the grant of additional pay

**STATION MASTERS, ETC., FAILING IN VISION TEST ON THE NORTH WESTERN RAILWAY.**

**153. \*Mian Ghulam Kadir Muhammad Shahban:** (a) Will the Honourable Member for Railways be pleased to state whether any Station Master or Assistant Station Master failed in vision test examination during the last three years commencing from 1st April, 1936?

(b) Have they been provided with suitable appointments? If so, what is the average reduction in their emoluments?

(c) What steps does the Honourable Member propose to take to ensure that the percentage of reduction in wages in the new post for the visioned-failed employees is reduced to the minimum?

**The Honourable Sir Andrew Clow:** (a) and (b). I regret that it is impracticable to carry out the researches necessary to supply the information asked for by the Honourable Member, but I can assure him that as far as State-managed Railways are concerned every endeavour is made to employ in some other capacity an employee who has failed in a periodical examination of this kind for his own post.

(c) I have no steps in contemplation. The percentage reduction in wages in the case of an employee who, having failed medically for one category, is employed in some other category, is dependent mainly on the vacancies available at the time of his failure to pass the medical examination.

**Mr. Lalchand Navalrai:** The point that is being made out in this question is that if their vision is found to be defective, they are not given appointments which carry reasonable salaries. They are given appointments which carry low salaries. Will the Honourable Member ask the Railway Administration to consider that point and give them suitable pay?

**The Honourable Sir Andrew Clow:** No, Sir. I have said the appointments must naturally depend on the vacancies available and I could not possibly promise posts of equivalent status or pay.

**MEDICAL OFFICERS CONSIDERED TO BE IN INDEPENDENT MEDICAL CHARGE ON THE NORTH WESTERN RAILWAY.**

**154. \*Mian Ghulam Kadir Muhammad Shahban:** Will the Honourable Member for Railways be pleased to state—

(a) whether the Chief Medical Officer, North Western Railway, has decided, under rule 501 of the State Railway Establishment Code, which Sub-Assistant Surgeons or Assistant Surgeons on his railway are to be considered as in independent medical charge; if so, whether the Honourable Member will please lay on the table of the House a statement showing the names of those stations; and

(b) whether an Assistant Surgeon at a hospital where a Divisional Medical Officer is stationed, is considered to be in independent medical charge of the hospital?

**The Honourable Sir Andrew Clow:** (a) The answer to the first part is in the negative, as there are no Assistant Surgeons or Sub-Assistant Surgeons in independent medical charge on the North Western Railway. The latter part does not arise.

(b) No.

**RULES REGARDING CLASSIFICATION, CONTROL AND APPEAL OF NON-GAZETTED RAILWAY SERVANTS ON STATE RAILWAYS.**

**155. \*Mian Ghulam Kadir Muhammad Shahban:** (a) Will the Honourable Member for Railways be pleased to state whether the Governor General in Council has framed any rules regarding classification, control and appeal of non-gazetted railway servants employed on the State Railways, *vide* direction appended to the Secretary of State "Railway Services (Classification, Control and Appeal) Rules" of 1932? If so, have these rules been published in the Government of India Gazette? If not, why not?

(b) If the reply to the second part of part (a) above be in the affirmative, will the Honourable Member please refer to the specific notification in the Government of India Gazette?

**The Honourable Sir Andrew Clow:** (a) and (b). The answer to the first part of (a) is in the affirmative. The Governor General in Council has issued orders regulating the discipline and rights of appeal of non-gazetted Railway Servants; these have not been gazetted, but are embodied in rules 680 to 713 of the State Railway Establishment Code which is a priced publication. As regards classification and control, the Governor General in Council has delegated his powers with regard to non-gazetted Railway Servants under the Railway Department Notification No. 089-F, dated the 15th October, 1936.

#### NON-GRANT OF CASUAL LEAVE TO INFERIOR AND DAILY-RATED STAFF ON STATE RAILWAYS.

†156. **\*Mian Ghulam Kadir Muhammad Shahban:** (a) Will the Honourable Member for Railways be pleased to state whether railway employees on the State-managed Railways in inferior and daily-rated services are entitled to casual leave? If so, how much per year?

(b) If the reply to the first part of part (a) above be in the negative, will the Honourable Member be pleased to state the reasons for not granting any casual leave to inferior and daily-rated service staff on State-managed Railways?

**The Honourable Sir Andrew Clow:** (a) and (b) Casual leave is not recognised and is not subject to any rules. It is a concession and the amount of such leave and the conditions under which it is granted are at the discretion of General Managers. In the case of daily-rated staff in workshops, it is ordinarily the custom to grant paid holidays and not casual leave.

#### PROVISION OF A RADIO STATION IN ASSAM.

157. **\*Maulvi Abdur Rasheed Chaudhury:** Will the Honourable Member for Communications please state:

(a) the number of licensees of radios in Assam; and

(b) whether Government propose to have a radio station in Assam; if not, why not?

**The Honourable Sir Andrew Clow:** (a) The number of licences in force in the Province of Assam on the 31st December, 1939, was 1,545.

(b) No. The Province receives a satisfactory service from the short-wave station at Calcutta which broadcasts Assamese items also. Broadcasts from the newly established station at Dacca should also prove satisfactory.

**Mr. Lalchand Navalrai:** In view of the fact that the number of these licences has been increased to a very great extent, may I ask if the Honourable Member will reduce the price of these licences?

**The Honourable Sir Andrew Clow:** I submit that hardly arises out of this question.

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† Answer to this question laid on the table, the questioner having exhausted his quota.

**Maulvi Abdur Rasheed Chaudhury:** May I ask, Sir, whether the increase in the number of licences does not justify the opening of a Radio Station in Assam?

**The Honourable Sir Andrew Clow:** No, Sir. If the Honourable Member will multiply the number of figures by 10, he will get a sum of about Rs 15,000 and probably a part of that is paid for the advantage of listening to foreign radio stations. The Honourable Member will realise that that will not be enough for the maintenance of a radio station in Assam.

#### DISTRICT BOARD'S CONTROL OVER RAILWAY LANDS AND BUILDINGS IN A DISTRICT.

**158. \*Mr. Umar Aly Shah:** (a) Will the Honourable Member for Railways please state whether it is a fact that the Railway lands and buildings in a civil district of a Province are within the powers and duties of the District Boards?

(b) Is it a fact that construction, repair and maintenance of roads on those lands and generally the improvement of communications to those buildings are done by those Boards?

(c) Is it a fact that construction and repair of wells, tanks, water works and drainage works and the supply of water to those buildings are done by those Boards?

(d) Is it a fact that those Boards provide for vaccination, sanitation and schools for the education of the railway staff residing on those lands and in those buildings?

**The Honourable Sir Andrew Clow:** (a), (b), (c) and (d) Sir, this question is of a very general nature and I can give only a very general reply. In many places railway lands and buildings are situated within the jurisdiction of district boards and in some of these, railway administrations and railway servants benefit, directly or indirectly, by the activities of the boards in providing the facilities or amenities to which the Honourable Member refers. There is, however, a large number of places—I may mention particularly railway colonies—where it has been found necessary in the interest of the railway administration and its employees, to provide these at the cost of railway revenues. Taxation of railway property by district boards is regulated by section 135 of the Indian Railways Act, 1890, and by section 154 of the Government of India Act, 1935.

#### PROPOSAL TO IMPOSE A CERTAIN TAX ON RAILWAY EMPLOYEES AT CERTAIN STATIONS IN THE UNITED PROVINCES.

**159. \*Mr. Umar Aly Shah:** Will the Honourable Member for Railways please state:

- (a) the date on which the District Boards at Hardoi, Shahjahanpur and Sitapur, in the United Provinces framed proposals to impose a tax under section 108 (b) of the United Provinces District Board Act No. X of 1922 on railway employees residing on lands and in buildings of railways within the rural area of those districts by assessing the pay and allowances of those employees, by a resolution as required by section 115 of that Act;

- (b) the date of the gazette in which the resolution of those Boards was notified, as required by section 120 (2) of that Act; and
- (c) the date of the communications from those Boards to the railway staff as required by section 126 of that Act; and if available, to lay on the table those communications?

**The Honourable Sir Andrew Clow:** Government have received no particulars of the action mentioned by the Honourable Member. The railway authorities are not concerned with taxes of a personal nature (in this instance the "tax on circumstances and property") payable by railway employees to district boards under provincial Statutes.

**Dr. Sir Ziauddin Ahmad:** May I ask whether a railway officer living within the railway precincts is liable to the District Board taxes?

**The Honourable Sir Andrew Clow:** I imagine that he is in some cases.

## UNSTARRED QUESTIONS AND ANSWERS

### GUARDS ON THE NORTH WESTERN RAILWAY.

**26. Sardar Sant Singh:** Will the Honourable Member for Railways please refer to the reply given to part (b) of starred question No. 1349, asked on the 28th March, 1939, and

- (a) lay a statement showing the number of posts of grade IV of the Guards on the North Western Railway, abolished and the corresponding increase of posts in grade III made, since 1935;
- (b) state the reasons for not carrying out the assurance given to the staff in the administration's circular No 522-E/199, dated the 12th August, 1936, viz., "with corresponding increase in guards grade III posts"; and
- (c) state the action taken by Government in securing the benefits to the staff by fulfilling that assurance, if no action has been taken, why not?

**The Honourable Sir Andrew Clow:** I have called for information and will lay a reply on the table of the House in due course.

### GUARDS ON THE NORTH WESTERN RAILWAY.

**27. Sardar Sant Singh:** Will the Honourable Member for Railways please lay a statement on the table of the House showing the equivalents of old grades of guards on the North Western Railway with the new grades of guards introduced from 15th July, 1931, together with the number of posts in each grade?

**The Honourable Sir Andrew Clow:** I have called for information and will lay a reply on the table of the House in due course.

## GUARDS ON THE NORTH WESTERN RAILWAY.

**28. Sardar Sant Singh:** Will the Honourable Member for Railways please state:

- (a) whether it is a fact that the General Manager, North Western Railway, invited applications by 14th February, 1940, for the posts of guards, [8 in class I, grade II, 65.5/2 years 85, equivalent to grade III (old), and 11 class I, grade I, 30—5—50/2 years—60, equivalent to grade II (old)];
- (b) the actual number of vacancies in each grade on the date the applications were invited;
- (c) the rules under which applications for posts in class I, grade II, equivalent to grade III (old) (highest existing grade of guards) were invited against normal channel of advancement from grade below,
- (d) the date on which the General Manager has declared and communicated to the present staff awaiting advancement from grades below, as inefficient, incapable and unfit for advancement; and
- (e) the reasons for placing the new entrants upon the heads of those who have already rendered service to the administration and have been considered fit for promotion before?

**The Honourable Sir Andrew Clow:** I have called for information and will lay a reply on the table of the House in due course.

## REGULATIONS PRESCRIBING PUNISHMENTS FOR OFFENCES UNDER THE INDIAN RAILWAYS ACT.

**29. Mr. Umar Aly Shah:** Will the Honourable Member for Railways please state the regulations under which offences against rules made under section 47 of the Indian Railways Act, 1890, are punishable and the nature of punishment permissible by those regulations?

**The Honourable Sir Andrew Clow:** I would refer the Honourable Member to rule 418, Part I, and rule 21, Part II, of the General Rules for all Open Lines of Railways in British India, notified in the Railway Department (Railway Board) notification No. 1078-T., dated 9th March, 1929. A copy of this is in the Library of the House.

## AMENDMENT OF SECTION 60 OF THE CODE OF CIVIL PROCEDURE.

**30. Mr. Umar Aly Shah:** Will the Honourable Member for Railways please refer to section 60 of the Code of Civil Procedure, Act No. V of 1908, as amended by Act No IX of 1937, and state whether it is a fact that an amendment was sought by the recommendations of the Royal Commission on Labour?

**The Honourable Sir Andrew Clow:** The answer is in the affirmative.

**MAINTENANCE OF THE ROAD RUNNING FROM BRIDGE TO GOODS SHED AT DELHI SHAHDARA.**

**31. Mr. Umar Aly Shah:** Will the Honourable Member for Railways please state.

- (a) who the competent authority is who maintains the road running from bridge to goods shed at Delhi Shahdara, North Western Railway;
- (b) what the condition of that road is during and after rains; and
- (c) what action has been taken to repair that road; if no action has been taken, why not?

**The Honourable Sir Andrew Clow:** Enquiries are being made and a reply will be laid on the table in due course

**INADEQUACY OF WAITING ROOM BEARERS AT CERTAIN STATIONS ON THE EAST INDIAN RAILWAY.**

**32. Mr. Umar Aly Shah:** (a) Will the Honourable Member for Railways please state whether it is a fact that only one waiting room bearer during twenty-four hours is provided at waiting rooms of stations other than Moradabad, Allahabad, Lucknow, Dinapore, Asansol and Howrah stations, on the East Indian Railway?

(b) Is it a fact that great inconvenience, in respect of "calls" for arrival of trains during night for which passengers are waiting and asleep, is felt by the travelling public?

(c) Is it a fact that the bearer is required to look after two or more rooms at great distance from each other, and he can be of no assistance to travelling public using any of the rooms?

(d) What action has been taken to provide convenience to the travelling public? If no action has been taken, why not?

**The Honourable Sir Andrew Clow:** (a) I understand that more than one waiting room bearer is employed at a number of stations other than those mentioned by the Honourable Member.

(b) As far as can be ascertained, no complaints have been received on this account

(c) As the question does not specify the station to which the Honourable Member refers, it is not possible to reply.

(d) Does not arise.

## MESSAGE FROM THE COUNCIL OF STATE.

**Secretary of the Assembly:** Sir, the following Message has been received from the Council of State

"Sir, I am directed to inform you that the Council of State at its meeting held on the 22nd February, 1940, agreed without any amendment to the following Bills which were passed by the Legislative Assembly at its meeting held on the 12th February, 1940, namely :

- (1) A Bill to provide for the registration of certain European British subjects;
- (2) A Bill to provide for the imposition of restrictions on foreigners,
- (3) A Bill to provide for the retention in service of certain persons enrolled for service in the Royal Indian Navy; and
- (4) A Bill to extend the operation of the criminal law to offences committed on ships or aircraft registered in British India wherever they may be "

## ARRANGEMENT RE DISCUSSION OF THE RAILWAY DEMANDS FOR GRANTS

**Mr. President** (The Honourable Sir Abdur Rahim): With reference to the discussion of the Demands for Grants, which, the Chair believes, will take place tomorrow, it is usual for the Parties who want to discuss these demands to come to an agreement as regards the order in which certain cut motions will be taken up. The Chair would like to know whether, on the present occasion, any agreement has been arrived at, so that the Government might be in a position to deal with the different cut motions which will be discussed. The Chair is given a statement showing the arrangement which the European Group, the Nationalist Group and the Muslim League Group have agreed to among themselves. The Chair is not sure whether the unattached Members were also consulted and whether they have agreed to this arrangement. The Chair will read out the terms of the arrangement that has been arrived at so far. It runs thus :

"On Saturday, the 24th, before Lunch the European Group will move their cut motion and after Lunch till 4-15 p.m., the Congress Nationalists will move their cut motion. Then, at 4-15 the unattached Members will begin their motions and on Monday, the 26th, till 12 Noon, they will finish their motions. Then, on Monday, from 12 Noon to 5 p.m., the Muslim League Party will move their cut motions "

**Mr. N. M. Joshi** (Nominated Non-Official). As regards the unattached Members, as my motion comes first, I wish to move a cut motion putting forward the grievances of the railway employees at 4-15. I do not know how long this motion will last. I hope I will be allowed to continue it till 12 Noon on Monday, the 26th.

**Mr. President** (The Honourable Sir Abdur Rahim) The Honourable Member has 45 minutes on Saturday and about an hour or slightly less than an hour on Monday.

**Mr. N. M. Joshi:** The discussion is very important and I may take the whole time.



**Mr. President** (The Honourable Sir Abdur Rahim). The Chair hopes the Honourable Member does not mean all the three days. At any rate, the Chair does hope that the Parties will come to an agreement, otherwise it will not be in the interest of proper discussion of the debate.

**Sir Muhammad Yamin Khan** (Agra Division Muhammadan Rural) Mr. Joshi does not object to the arrangement. He only says that he may take the whole time allotted for the unattached Members.

**Mr. President** (The Honourable Sir Abdur Rahim) What about the time-limit for speeches?

**Mr. J. D. Boyle** (Bombay European): I suggest that we should have 20 minutes for the Mover and 20 minutes for the Government Member and 15 minutes for other speakers.

**Mr. President** (The Honourable Sir Abdur Rahim): As regards the time-limit, the Chair understands that 20 minutes will be the time-limit for the Mover and 15 minutes for other speakers and 20 minutes for the reply of the Government Member. That is the arrangement, the Chair takes it, that will be observed.

#### THE INCOME-TAX LAW AMENDMENT BILL.

**The Honourable Sir Jeremy Raisman** (Finance Member) Sir, I beg to move for leave to introduce a Bill to amend the law relating to Income-tax

**Mr. President** (The Honourable Sir Abdur Rahim) The question is—  
“That leave be granted to introduce a Bill to amend the law relating to Income-tax.”

The motion was adopted.

**The Honourable Sir Jeremy Raisman:** Sir, I introduce the Bill.

#### THE RESERVE BANK OF INDIA (SECOND AMENDMENT) BILL.

**The Honourable Sir Jeremy Raisman** (Finance Member) Sir, I move for leave to introduce a Bill further to amend the Reserve Bank of India Act, 1934 (Second Amendment)

**Mr. President** (The Honourable Sir Abdur Rahim) The question is—  
“That leave be granted to introduce a Bill further to amend the Reserve Bank of India Act, 1934 (Second Amendment).”

The motion was adopted.

**The Honourable Sir Jeremy Raisman:** Sir, I introduce the Bill.

#### THE INDIAN COINAGE (AMENDMENT) BILL.

**Mr. K. Sanjiva Row** (Government of India Nominated Official): Sir, I move:

“That the Bill further to amend the Indian Coinage Act, 1906, be taken into consideration.”

[Mr. K. Sanjiva Row.]

Sir, the main object of this Bill is economy in the use of silver for currency purposes. As the House is aware the Government of India introduced nickel four anna piece in 1919, but it never became popular owing to the fact that it was easily counterfeited and so its coinage was stopped with effect from 1925. The question of a substitute for the nickel four anna piece did not arise till now as the demand for this coin has been very low during the last few years. For example, during the last ten years, there has been a net return from circulation of the four anna pieces. But now the position has changed. With a rise in commodity prices and increase in trade, the demand for four anna pieces has increased considerably and we had to coin a large number of these coins during the current year and it is estimated that a still larger supply will be necessary during the next year. The present fineness of four anna pieces is eleven-twelfth silver and one-twelfth alloy. To coin such a large number of pieces with the present fineness will be wasteful. At the same time it is not desirable that we should take to the retrograde step of reverting to the old four anna nickel piece. The Government of India, therefore, propose to coin a new four anna silver piece with half silver and half alloy. Coins of this fineness were introduced in England by the Coinage Act of 1920 and they have been in use there for several years very successfully. The weight, size and shape of these coins will be exactly similar to the present four anna piece, the only difference will be that the ring will be a little sharper. Sir, I move.

**Mr. President** (The Honourable Sir Abdur Rahim) Motion moved

"That the Bill further to amend the Indian Coinage Act, 1906 be taken into consideration"

**Mr. Muhammad Nauman** (Patna and Chota Nagpur *cum* Orissa-Muhammadian). Sir, I have heard very carefully to the short speech which the Honourable Member on behalf of the Government made in connection with this Bill. He said that the present four-anna silver bit contains one-twelfth alloy and eleven-twelfth silver, whereas under the new proposal it will contain half silver and half nickel. He has described it as necessary because the demand for four-anna bit has increased, because more use has been found by agriculturist whose prices of agricultural commodities have increased. I do not know whether the Government will come forward later on with a proposal of a like kind with regard to eight anna silver coins and one rupee silver coins, as well. What is the idea in reducing the silver content of four anna token and introducing more nickel content? It is admitted by everybody that silver is a stable exchange. The Honourable Member alluded to a certain Act in England under which they also made the same change there in the penny token. I could not really follow what he meant to convey. I should like some information from the Honourable Member why he referred to the coinage in England. Under the circumstances, we do not see any necessity for the Government to make this change as a matter of course. If we accept this measure, later on we may be compelled to accept a similar measure with regard to eight anna and rupee pieces. Sir, I oppose the Bill.

**Mr. Lalchand Navalrai** (Sind. Non-Muhammadian Rural): Sir, it is also not clear to me why silver content is being reduced in the silver coin. This means that more alloy will be put in the coin. What is the reason for

this change? Will not the agriculturists suffer on account of the lower ratio of silver in the four anna coin. I should like to be enlightened on all these points. The Statement of Objects and Reasons is not clear.

**Mr. K. Sanjiva Row:** As I already said the main object of the Bill is economy in the use of silver for currency purposes

**Mr. Lalchand Navalrai:** And send it where to?

**Mr. K. Sanjiva Row:** There is no question of sending it away anywhere because the demand for silver is at present mostly in India.

**Mr. Lalchand Navalrai:** Will the silver remain in reserve?

**Mr. K. Sanjiva Row:** Certainly it will. The other question which my Honourable friend asked was whether this will not affect the agriculturists. It will not affect them because the new four anna piece will have the same value as the old four anna piece. Even the present four anna piece is only a token coin. We are introducing this new silver piece as a substitute for the old nickel piece and it is certainly a step in the right direction. My Honourable friend, Mr. Muhammad Nauman, referred to the Coinage Act of Great Britain. What I said was that silver coins of this fineness were introduced in Great Britain by the Coinage Act of 1920 and they have been in use there for the last several years and they have proved quite successful.

**Mr. President** (The Honourable Sir Abdur Rahim): The question is.

"That the Bill further to amend the Indian Coinage Act, 1906, be taken into consideration."

The motion was adopted.

Clauses 2 and 3 were added to the Bill.

Clause 1 was added to the Bill.

The Title and the Preamble were added to the Bill.

**Mr. K. Sanjiva Row:** Sir, I move

"That the Bill be passed."

**Mr. Lalchand Navalrai:** Sir, I have still one more question. The quantity of silver is being reduced in the four-anna pieces but not in the rupee. Will the silver in the four four-anna pieces be equal to the silver in a rupee?

**Some Honourable Members:** No.

**Mr. Lalchand Navalrai:** In that case if I offer four four-anna pieces to a man he may not take it; he will demand a rupee. So the four-anna pieces will go out of use.

**The Honourable Sir Jeremy Raisman** (Finance Member): Sir, I am afraid the Honourable Member is labouring under a somewhat elementary misconception. He does not seem to have realised what is meant by a

[Sir Jeremy Raisman]

token coin. A token coin is a coin of which the intrinsic value is not necessarily equal to the face value. Both the rupee and the four-anna pieces are token coins. It is quite unnecessary that there should be or that there should be maintained any constant relation between the intrinsic value of the four-anna piece and the intrinsic value of the rupee, and the suggestion which my Honourable friend has imported is really quite irrelevant. I can assure him that there will be no difficulty about accepting four four-anna pieces of the proposed fineness in exchange for a rupee of the existing fineness, any more than there was when nickel four-anna pieces were being tendered in exchange for silver rupees.

**Mr. Lalchand Navalrai:** Then everything is going to be artificial.

**The Honourable Sir Jeremy Raisman:** It is artificial

**Mr. M. S. Aney** (Berar Non-Muhammadan) Sir, the distinction between a token coin and a coin having intrinsic value has been made clear. But what I want to know is, what is the exact profit which Government are likely to make by minting these coins? Have they any idea of that?

**The Honourable Sir Jeremy Raisman:** That is not a sum which can be calculated; it depends on the demand of the country for the use of small coin. In the course of my budget speech in a few days' time the Honourable Member will observe in one or two places that I shall indicate the amount of profit which does accrue from the absorption of small coin. But the simple position in regard to this Bill is that there is a larger demand for these small coins, and although we have large silver reserves we want to make them go as far as possible, and it is merely wasteful to use more silver than is actually necessary in the constitution of a small token coin like a four-anna piece.

**Mr. President** (The Honourable Sir Abdur Rahim): The question is

"That the Bill be passed."

The motion was adopted.

#### THE FACTORIES (AMENDMENT) BILL

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar** (Member for Commerce and Labour) Sir, I move

"That the Bill further to amend the Factories Act, 1934, for a certain purpose, be taken into consideration."

This Bill is a very modest measure and seeks only to provide for one more facility, this time to children. The provisions of the Factories Act dealing with health, safety, children and registration are proposed to be statutorily applied to power factories employing from ten to nineteen persons, if any of those persons is not qualified to work as an adult. Under the Factories Act, Local Governments have got power to apply these provisions to any place or any class of places where factories employing less than 20 persons are working. Under the present Bill it is statutorily applicable to all such power factories.

The second power which is of slightly greater importance is the power given to Provincial Governments to extend the provisions of the Act by notification to power factories employing less than ten persons if any one of those persons is not qualified to work as an adult. As I said, this Bill does not seek to go very far in the direction of amelioration but it is just a step in advance. The proposals were circulated to all the Provincial Governments and most of them have agreed to them. Sir, I move.

**Mr. President** (The Honourable Sir Abdur Rahim): Motion moved:

"That the Bill further to amend the Factories Act, 1934, for a certain purpose, be taken into consideration."

**Mr. N. M. Joshi** (Nominated Non-Official) Sir, I move:

"That the Bill be circulated for the purpose of eliciting opinion thereon."

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member has not mentioned a date by which the opinions should be returned.

**Mr. N. M. Joshi**: I am not particular about that. If Government are anxious about it, they may move an amendment.

**Mr. President** (The Honourable Sir Abdur Rahim). But under the Standing Order some date has to be mentioned.

**Mr. N. M. Joshi**: Then, let it be the 30th June, 1940.

Sir, you may remember that sometime ago, perhaps last year, the Government of India moved a piece of legislation for amending the Factories Act or some such thing. At that time I said that in my judgment, after studying that Bill, the position of the Government of India was like that of an unemployed barber. You know there is a proverb in the vernacular languages that an unemployed barber engages himself in shaving a buffalo or, as it is put in my own language, he engages himself in cupping a wall for the proper distribution of blood. On this occasion I feel that what I said at that time was true then and is true today. Under the present constitution the Government of India have the right to legislate on labour matters. It is true that the Provincial Governments also have that right. It is equally true that the constitution establishes Provincial Autonomy in the various provinces of this country. On account of the establishment of Provincial Autonomy the Government of India feel that they are practically *functus officio* as regards labour legislation. The Government of India have got all the paraphernalia of the Industries and Labour Department,—an Honourable Member getting Rs. 80,000 a year, a Secretary on Rs. 4,000 a month, Deputy Secretaries and Assistant Secretaries and all the rest of them. Unfortunately, the Government of India, though they have got power under the Act to pass labour legislation and the machinery too, they lack courage and self-confidence with the result that they are unable to produce important pieces of legislation. But they have to prove to the public that as they receive fairly high salaries they must do something, and, therefore, they have produced this Bill.

I am glad the Honourable Member had the courage to admit that the Bill was a very modest one. It is euphemistic language for saying that the Bill is a useless one. I am really sorry that the Government of India should waste their time in introducing measures of this kind, instead of utilising their time for undertaking bolder measures . . . .

**Mr. M. S. Aney** (Berar. Non-Muhammadan) : Would you advise him to withdraw the Bill?

**Mr. N. M. Joshi** : I am advising him to circulate the Bill to elicit public opinion and not to withdraw the Bill. The Honourable Member in the short speech he made just now tried to explain what the Bill is. This Bill seeks to make certain sections of the Factories Act applicable to factories employing ten persons or more but less than twenty persons. It does not apply to all factories employing ten or more but less than twenty persons, but only to those factories which employ power. That is one thing to be remembered, how the scope is being restricted. In the Statement of Objects and Reasons the Government of India try to give the impression that their Bill is based upon a recommendation of the Royal Commission on Indian Labour. Nothing of the kind. That Royal Commission wrote a chapter on the subject of unregulated factories and they dealt with two kinds of factories which required regulation and which were not regulated at that time—factories employing power and factories not employing power or as they may be called workshops. The Royal Commission recommended that factories which employed ten or more but less than twenty persons and which employed power should be regulated by some of the important sections of the Factories Act. They also made a separate recommendation that factories which did not employ power should also be regulated by another Act.

In the first place, the Government of India have cut down the Royal Commission's recommendation by half—they do not deal with those factories or workshops which do not employ power, they deal with factories which employ power and also employ ten or more but less than twenty persons. The Royal Commission recommended that important sections of the Factories Act should be applied to all factories employing power and employing ten or more but less than twenty persons. The Government of India's recommendation is that it should apply only to those factories which employ children. If you have an opportunity, Sir, of reading the report of the Royal Commission, you will find that the Royal Commission itself has stated as a fact, after making investigation for nearly two years, that there are very few factories employing power which employ children. You will now see that the Government of India first provide for regulation for factories which employ power, and then they restrict the recommendation by saying that they will apply it only to those factories which employ children and not to all factories employing power, knowing very well that the Royal Commission has stated that there are very few such factories in which children work. One may feel that the Government of India's thirst for putting restrictions may be satisfied with these three restrictions. That is not so. They put further restrictions. The Royal Commission intended that when provision has been made for regulating these factories, the regulation should apply to all factories automatically. The Royal Commission made it very clear, that the burden of getting regulation applied must be thrown on the owner or occupier of the factory. But the Government of India thought that it would be too much, too great a reform. Therefore they wanted to put further restriction. They said this Bill will not apply to all factories automatically. No. It can only apply if the factory inspector gives notice to a particular factory. The factory inspector is not likely to visit all places, all villages within the area for which he is appointed. He may see a particular factory employing ten or more but less than twenty persons and employing power also :

he may observe that children are employed there. But how many villages, how many towns can he visit in order to see personally or to hear from some one else that there is such a factory? Then he gives notice and then only this small Bill applies to that factory.

I have already explained how very limited is the scope of this Bill. You may say that even if the Bill is of limited application it will be of some use. "It is a small reform, but why not accept the small reform? After all if it is a reform, it is a good thing." If, Sir, I had felt that this Bill really makes for a reform, I would not have asked for circulation. I am rather in a hurry for reform, especially reform of labour legislation in our country. So I would not have recommended to the Legislature that the Bill be circulated. The fact is this: this Bill is unnecessary because in the Factories Act there is a section which provides power to the Local Governments much wider, a hundred times wider than the power which this Bill provides: and that is section 5 of the Indian Factories Act. Under section 5 of that Act, the Provincial Governments have got power to apply either the whole or even a part of the Factories Act. This Bill makes only a part of the Factories Act applicable to some factories. Under section 5 of the Indian Factories Act, the Local Government possesses power already to apply the Factories Act either wholly or in part as they like, either to factories employing power or not employing power. So, factories employing ten or more but less than twenty persons are covered by the power given to Local Governments. Section 5 moreover makes the application of the Act automatic. A Provincial Government may issue a notification that the Factories Act will apply to certain classes of factories, and the Act will apply. Under these circumstances, Sir, I would like to know from the Honourable Member why this Bill was necessary. Section 5 of the Indian Factories Act gives you power to apply either the whole or part of the Act; it also gives you power to apply it to factories worked by power or without power.

Then it is somewhat difficult for me to understand the object of the  
 12 Noon. Government in bringing forward this measure. The Government of India may say that this Bill applies automatically. It does not. As I have already said, it applies only to those factories to which notice has been given by the Factory Inspector. The Government of India may say again that section 5 of the Factories Act gives power to Local Governments, and not to Factory Inspectors, and that will make a slight difference. It is true, Sir, there is a slight difference between the Provincial Government and a Factory Inspector. A Provincial Government is a Government and an Inspector is an officer of Government. I have no doubt that the Inspector can act a little more promptly than Governments generally do. But we must remember this, that the power given to the Factory Inspector is not a judicial power; it is an executive power. The Factory Inspector is subject to the orders of the Provincial Government. If a Provincial Government does not want this Bill to be applied to certain classes of factories or does not want this Bill to be used at all, it can issue an order to the Factory Inspector and say that no more notices should be given to any factories under this Bill. I therefore feel, Sir, that this Bill does not do anything more than any Government can do under section 5 of the Indian Factories Act. As a matter of fact, I have explained that the powers under section 5 of the Indian Factories

[Mr. N. M. Joshi ]

Act are a hundred times wider and, therefore, there is no need for more. Well, Sir, the Government of India may say that there is a slight progress made in this Bill. I admit that there is a slight progress made in this Bill. That slight progress, Sir, consists of this, that under this Bill the Government of India give power to Provincial Governments to apply this restricted small measure to those factories which may employ less than ten persons. If the Government of India's intention is to make this progress, namely, that the factories employing less than ten persons and which in the opinion of the Provincial Governments require regulation should be regulated, my suggestion to the Government of India is that they should frame and introduce a separate measure embodying this reform, namely, factories employing less than ten persons should be regulated by this Bill, and I shall be very glad to support the Government if they bring forward that measure. But, Sir, the Government of India while making that slight progress bring forward a measure which in other parts is absolutely useless. Now, you may say if a Bill is useless, so long as it is not harmful, why do you oppose it? In the first place, I believe that public money should not be wasted in introducing and discussing useless measures. But that is not my chief object. My fear is that if we allow this Bill to pass without being properly amended and improved, it is likely to produce a harmful effect. Under section 5 of the Factories Act Local Governments have got power . . .

**Mr. President** (The Honourable Sir Abdur Rahim) The Honourable Member has repeated this so often

**Mr. N. M. Joshi:** Unfortunately, the point is very important . . .

**Mr. President** (The Honourable Sir Abdur Rahim) . Yes, Yes, but that is no reason for repeating it so often.

**Mr. N. M. Joshi:** The Provincial Governments have not only got those powers, but they have used those powers. Take, for instance, the Government of the Province in which I live. That Government has used this power considerably. I am not satisfied with the use of the power which they have made or the extension of the Factories Act, but, Sir, they have used it considerably since 1937. I do not wish to tire the House by stating what kinds of factories they have regulated by means of that power, because I am quite sure the Honourable Member himself will have that information. My own estimate is that the Bombay Government have applied the power under section 5 of the Factories Act to a very large number of factories, it may be to more than a hundred or two hundred factories and about a dozen classes of factories or more. Then, Sir, there are other Provincial Governments like the United Provinces Government which issued a proclamation or have announced in the United Provinces Gazette of the 14th January, 1939, that they propose to extend the Factories Act to all premises whereon or within the precincts whereof, on any one day of the twelve months preceding the notification, ten or more workers are employed, and where work is carried on with the aid of power. The United Provinces Government have made use of that power, and I have no doubt that other Provincial Governments may also have used that power. Under these circumstances the Government should have given stronger reasons



for introducing this Bill instead of introducing a small Bill as regards the regulation of factories employing less than ten persons.

Sir, the Government of India may say that under the new constitution they must pay regard to the opinions of the Provincial Governments. Unfortunately, I do not know what the Provincial Governments have said on these matters. If the Government of India's view is that they could not go beyond what the Provincial Governments agreed to do, then, Sir, it is for the Government of India to publish the documents showing that the Local Governments are unwilling to go further than this Bill. In any case I would suggest to the Honourable Member that, when the Bill is circulated as recommended by my amendment, he should also publish the opinions of the Local Governments. These are days of democracy

. . . . .

**Mr. President** (The Honourable Sir Abdur Rahim) : The Honourable Member need not dilate upon democracy.

**Mr. N. M. Joshi** : I am not dilating upon democracy, but the point is this, that if the Government of India would publish what the Local Governments have said on this Bill, then it would be for the electors in the provinces to judge of the success or non-success or the merits or demerits of the various ministries in the different provinces. I, therefore, would suggest to the Government to publish the opinions of the Local Governments. I am quite sure there are some Local Governments which are reactionary and some others which are progressive. Those which are progressive will be willing to go much further as the Bombay Government has already gone further; those which are reactionary must be exposed to the gaze of public opinion. I, therefore, hope, Sir, that as the Bill is practically a useless Bill and does not make for much progress, and as there are powers already with the Provincial Governments to extend the Factories Act as a whole or in part, there will be nothing lost if we try to ascertain public opinion. On the other hand, it will give an opportunity to the Provincial Governments to find out that the public is willing to go much faster than they themselves are willing to go. I, therefore, propose that this Bill be circulated, and I have no doubt that this House will agree to my amendment, and I hope, Sir, that the Government of India will also agree to my proposal.

**Mr. President** (The Honourable Sir Abdur Rahim) : Amendment moved.

"That the Bill be circulated for the purpose of eliciting opinion thereon by the 30th June, 1940."

**Mr. Muhammad Nauman** (Patna and Chota Nagpur *cum* Orissa Muhammadan) : I support the amendment which my Honourable friend, Mr. Joshi, has moved, though not on the same considerations which he has placed before the House. My arguments are substantially different and my reasons are not the same at all but all the same I also feel that a measure like this should be circulated and the opinions of responsible Chambers of Commerce and industrialists associations should be taken into consideration. The Bill is claimed to be innocent by the Honourable Member in charge and is styled as useless by my Honourable friend, Mr. Joshi, but I think it is neither innocent nor useless. I think it is an important piece of legislation and should be considered in the light of the

[Mr. Muhammad Nauman.]

opinions of sections of the people who are concerned with the industries of this country. This may badly affect the small industries which are on the cottage industry lines. We all know that in Japan sugar and matches factories are being run on cottage industry lines. They may develop also in India on the very same lines and the cottage industry may become popular.

**Mr. N. M. Joshi:** Do they employ children?

**Mr. Muhammad Nauman:** No. I did not say that they do employ children

**Mr. N. M. Joshi:** The Bill will not apply then

**Mr. Muhammad Nauman:** Section 5 of the Factories Act has given the provinces sufficient power to regulate their factory law and naturally the provinces which are more responsible under the present constitution would be in a better position to know the needs of their own people and judge the circumstances and conditions, and it is very necessary that the Provincial Governments and the industries should be consulted on the matter before a measure of this type is brought forward in this House. We are not in a position to know whether the Provincial Governments have at all been consulted. If they have been consulted, it is necessary for the Government to place those opinions before us in the House, and let us know what they think and what they feel. Probably after hearing their opinions we may be in a position to change our opinion. This legislation is to be enforced in the provinces and is directly to the interest of industries and as such opinions should be gathered from the different Chambers of Commerce and from the different provinces before we proceed to enact this kind of measure. A lot can be said for and against it. I do not mean for a moment that this Bill is not necessary. As I have said, it is necessary, but, at the same time, it cannot be brought in this hurried manner. I support Mr. Joshi that it should be circulated so that Members of this House and the Government may be in a position to know the real feeling in the country as to what they want and how they want, and in the light of that opinion, whether any amendments are necessary and if so how the same could be done. I do not want to waste the time of the House, but I just say that I support the amendment which has been moved by my Honourable friend, Mr. Joshi, on consideration as stated. With these remarks, I take my seat.

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** I expected naturally a certain amount of opposition from my Honourable friend, Mr. Joshi, because, though I can afford to play the part of an unemployed barber, he certainly must find employment on every occasion if he were to satisfy the interests that he represents. My Honourable friend said that it was a useless Bill, that it was not worth introduction and then, by a curious process, the logic of which I am not able to follow, he asked for the circulation of the Bill so that other unemployed barbers may perhaps find work when the Bill is circulated.

**Mr. N. M. Joshi:** What do you want to do then?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** If the Bill is useless, if it does not advance the cause of or if it is of no help at all to children in small industries, I wonder how the circulation of this Bill,—a perfectly futile measure as my friend thinks,—would at all prove of any efficacy

**Mr. N. M. Joshi:** I am a reformist I prefer to reform

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** I said in introducing the Bill that this Bill was a very modest measure and that it was introduced after taking into consideration the views of various Provincial Governments. The proposals were circulated to Provincial Governments. They in their turn placed those proposals before associations of employers and associations of employees, and as a result of the opinions received from employers' associations and employees' associations they forwarded their opinions to the Government of India and the Government of India, thereupon, have formulated this measure and placed it before the House.

**Mr. Muhammad Nauman:** May we have copies of the opinions of Provincial Governments which have been received by the Government of India?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** They have not been circulated I know, and I shall have to take the permission of the Governments concerned before I can circulate their opinions. The position is this. After the introduction of the 1935 Act Part III, the Central Government have got concurrent jurisdiction with reference to labour legislation, but it is obvious that autonomous Provincial Governments have to carry out any labour legislation which is enacted by the Central Legislature. The burden of applying the provisions of the Act falls on these Provincial Governments. The machinery which must be brought into existence for that purpose must be devised by the Provincial Governments, so that it is futile to think that by introducing any measure here myself and getting it passed by the enthusiastic support of my Honourable friend, Mr. Joshi, it is going to give any relief at all to any class or section of labour, either children or adults. My Honourable friend's speech itself disclosed the difficulties which lie ahead of the Central Government and the reason why they undertake this kind of legislation with so much hesitation and according to him with such moderation. My Honourable friend said that even if the inspecting officer were authorised to take statistics and to ask for returns or to inspect these places, as the inspecting officer is not a judicial authority but an officer under the executive authority of the Government, the Provincial Governments may nullify the whole transaction by ordering him not to proceed in the matter. Does my Honourable friend realise what that means? What is the good of putting forward legislation here which has not got the willing acceptance of most at least of these Provincial Governments, and coming forward with all kinds of attractive and specious legislation which the Government of India is perfectly convinced will be a dead letter just because the Provincial Governments may not act upon them? That is why the Labour Member has naturally to hesitate before introducing legislation which, in other respects he may consider, can well be more advanced than it is at present. My

[Diwan Bahadur Sir A. Ramaswami Mudaliar.]

Honourable friend is, of course, very severe with me and with my pay bill and with the pay bills of all my officers. I cannot afford to repeat the compliment, but I can only say this that during the last few months, at any rate, the Labour Department has not been quite inactive. Even my Honourable friend would have known of the Conference of Labour Ministers which was recently held, of the efforts that have been made by the Central Government to try to get their views on various points affecting the status, the pay, the conditions of life, health insurance and other matters regarding labour, and it is, therefore, not quite fair—not to me I do not mind it, but at least to the hard-worked staff of the Labour Secretariat—to suggest that they are not doing their work, that they are marking time and that they are introducing perfectly futile and useless Bills. Sir, my Honourable friend poured ridicule on the idea that children are brought within the scope of this Bill and stated that there are very few children who are employed in such factories.

**Mr. N. M. Joshi:** That is the view of the Royal Commission.

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** My Honourable friend quotes, in support, like Rip Van Winkle, the report of a Commission which sat about ten or twelve years ago. He must have realized the growth of small industrial concerns in this country since those days and my Honourable friend himself said, in another part of his speech, that the Inspectors will have to go from village to village and from town to town to find out where these small industries have been created and then to get statistics about them. My Honourable friend, Mr. Nauman, was much nearer the actual facts when he said that there are a number of small factories which have grown up, which do employ children and from the point of view of the employers, this Bill, innocent as it may look, may have certain serious reactions. Well, Sir, I have tried to balance the interests of both sides and parties and I have come to the conclusion that with the opinions of the Provincial Governments as they are placed before me and with the interests of the employers and the employees taken together this measure goes neither too far on one side nor is too restricted on the other. It is these considerations—not the desire to get credit for placing fancy labour legislation before this House and getting it passed through the Central Legislature—it is these considerations which have weighed with me in coming forward with this small measure. I can only repeat again that as a result of the conference that we recently held in January with Provincial Labour Ministers we hope to introduce labour legislation on a variety of subjects sometime next year when our Bills have been further considered by the Provincial Governments concerned, but this was a measure which was long delayed, which had been under consideration for two years and which had received the approval of all Provincial Governments, which had been circulated to associations of employers and employees by Provincial Governments and I found no justification whatsoever when the papers were placed before me to further delay this matter. Sir, I oppose the motion for circulation.

(At this stage Mr. Aney rose to speak.)

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable the Commerce Member has replied to the debate. Both motions were

before the House for discussion and the debate has now concluded. The question is.

"That the Bill be circulated for the purpose of eliciting opinion thereon by the 30th June, 1940."

The motion was negatived.

**Mr. President** (The Honourable Sir Abdur Rahim): The question is:

"That the Bill further to amend the Factories Act, 1934, for a certain purpose, be taken into consideration."

The motion was adopted.

**Mr. President** (The Honourable Sir Abdur Rahim): The question is:

"That clause 2 stand part of the Bill."

**Mr. N. M. Joshi**: Sir, I move:

"That in clause 2 of the Bill, in sub-section (1) of the proposed section 59A, the words 'with the aid of power, or is ordinarily so carried on,' be omitted."

The object of this amendment is to improve this Bill. The Honourable Member for Labour said: "If the Bill is useless, why don't you oppose it." That is the method of the Government of India. They have absolutely no faith that you can reform something. Either a Bill must be a good Bill or it must be a thoroughly bad Bill. You cannot improve it. I am a moderate by habit, by training and temperament. Therefore, I am trying, after having failed to secure circulation of this Bill, to reform it. Then, Sir, the Honourable Member for Labour used all his eloquence to show that this Bill contains some good features. I wish the Honourable Member had replied to my criticism that this Bill gives no greater power than the powers which are given by section 5 of the Indian Factories Act. If he had replied to that . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): Is the Honourable Member now replying to his speech? He had better apply himself to the amendment.

**Mr. N. M. Joshi**: I am applying myself to this amendment. The object of this amendment is that factories which employ power and also the factories which are worked without power should be brought within the scope of this measure. The evils of insanitation and dangerous work are found not only in factories which use power but also factories and workshops which work without power. Especially the evils as regards the employment of children are more found in factories which work without power than factories which work with power. I have already said that the Royal Commission has stated that factories which use powers do not generally employ children. The Honourable Member said that the report of the Royal Commission has become an antiquated document.

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar**: Nothing of the kind.

**Mr. N. M. Joshi**: May I know what the Honourable Member said? He referred to Rip Van Winkle. My English is not as bright.

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** May I correct the Honourable Member. I did not refer to any recommendation of the Labour Commission. I controverted the statement of Mr. Joshi that small factories do not employ children and he quoted as his authority the fact finding record of the Royal Commission. I said that much water has flown below the Jumna Bridge since then and I said it was only a Rip Van Winkle who would quote the Royal Commission to support conditions that are existing today.

**Mr. N. M. Joshi:** I wish the Honourable Member had given facts as to how many new factories have come into existence which employ children. Unfortunately, Sir, the Honourable Member himself has not got any more facts than the Royal Commission had. I would suggest to the Honourable Member that if his department wants some work he should make some enquiries about the factories in this country. They will employ themselves very well if they make inquiries about these matters and collect together the facts. I have already said that if the Report of the Royal Commission is to be taken as an authority, there are a large number of factories which are not worked by power but which employ children such as the carpet factories in Amritsar and the *bidi* factories. Therefore, if the children are to be protected, we should apply this Act not only to factories which work with power but also to factories which work without power. I hope that this modest amendment will be accepted by the Assembly.

**Mr. President** (The Honourable Sir Abdur Rahim): Amendment moved.

"That in clause 2 of the Bill, in sub-section (1) of the proposed section 59A, the words 'with the aid of power, or is ordinarily so carried on,' be omitted."

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** I regret very much, in spite of the attempted persuasiveness of the Honourable Member, I am unable to accept this amendment. The difficulty is that the inspection staff required for this work, if this amendment is accepted, would be very large. It will throw a burden on Provincial Governments which, I am not in a position to state now, will be accepted by them. My Honourable friend referred to the class of factories which do not employ power and which yet employ children like the *bidi* factories in Madras and the carpet factories in Amritsar. I am not aware of the conditions in Amritsar but I am acutely aware of the conditions in Madras. All I can say is that under the existing provisions of the Indian Factories Act, the Provincial Governments have still got the power in the case of any class of factories to extend such provisions as they like of the Factories Act. But in the absence of any preparedness on the part of Provincial Governments generally speaking to adapt the provisions to factories which do not employ power, I do not think that we would be justified in forcing on them a legislative provision of that kind.

**Mr. President** (The Honourable Sir Abdur Rahim): The question is:

"That in clause 2 of the Bill, in sub-section (1) of the proposed section 59A, the words 'with the aid of power, or is ordinarily so carried on,' be omitted."

The motion was negatived.

**Mr. N. M. Joshi:** Sir, I would like to have your advice. I have proposed two alternative amendments. One is No. 8, which has two parts. If you think proper, I shall move the first part of this amendment now.

**Mr. President** (The Honourable Sir Abdur Rahim): The Chair cannot give the Honourable Member any advice.

**Mr. N. M. Joshi:** If you are not prepared to advise me, Sir, what I propose to do is that I shall move the first part of the amendment as put down here as amendment No. 3. I move:

"That in clause 2 of the Bill, in sub-section (1) of the proposed section 59D, the words and the figures 'sub-section (1) of section 9' be omitted."

and I stop here.

**Mr. President** (The Honourable Sir Abdur Rahim) The Chair will let the Honourable Member move it like that.

**Mr. N. M. Joshi:** The object of this amendment is that sub-section (1) of section 9 of the Factories Act should be applied to the factories which come under this Bill. Sub-section (1) of section 9 of the Factories Act makes the application of the Factories Act automatic; that is, if a factory is employing say ten persons or eleven persons and also is worked by power, then it is the duty of the owner and the occupier to inform the factory inspector that he is conducting the factory and the factory has got the particulars which are necessary to be given to the factory. The burden of the duty is thrown on the employer himself, i.e., the owner or the occupier of the factory. Sir, there is a great difference if the burden is thrown on the owner of the factory, and if the burden is *not* thrown on the owner but before the Act applies to the factory, the factory inspector has himself to give notice. If the responsibility is thrown on the occupier, naturally, everyone conducting a factory which comes under the scope of this Bill will have to send the information to the factory inspector. It is not possible for the factory inspector to know where the places are where there are these factories. The factories may be one hundred or two hundred or three hundred; he does not know. It is, therefore, wrong to throw the burden or the responsibility of finding out the factory upon the factory inspector but that it should be the duty of the owner or the occupier of the factory to give information to the factory inspector. That is the object of my amendment and I hope it will commend itself to the House and also to the Honourable Member in charge of this Bill.

**Mr. President** (The Honourable Sir Abdur Rahim): Amendment moved:

"That in clause 2 of the Bill, in sub-section (1) of the proposed section 59D, the words and the figures 'sub-section (1) of section 9' be omitted."

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** Sir, I am prepared to accept this amendment.

**Mr. President** (The Honourable Sir Abdur Rahim): The question is:

"That in clause 2 of the Bill, in sub-section (1) of the proposed section 59D, the words and the figures 'sub-section (1) of section 9' be omitted."

The motion was adopted.

**Mr. N. M. Joshi:** Sir, before I move my next amendment, I must express my thanks to the Honourable Member for having accepted my last amendment, and I hope, Sir, he will continue his good behaviour hereafter and will treat my other amendments with similar kindness. I should like to move No. 4.

**Mr. President** (The Honourable Sir Abdur Rahim): This ought to come after clause 3?

**Mr. N. M. Joshi:** Very well, Sir, then I shall move No. 5. I move:

"That in clause 2 of the Bill, in sub-section (1) of the proposed section 59D, the brackets, figures and word '(1), (2) and', occurring in the third line, be omitted."

Sir, the object of this amendment is that sub-sections (1) and (2) of section 14 of the Indian Factories Act should apply to the factories which are covered by this Act. The Bill proposes that sub-sections (1) and (2) and (4) of section 14 should not apply. I propose that those sub-sections should apply. Sir, sub-sections (1) and (2) of section 14 of the Factories Act are these:

"(1) Every factory shall be ventilated in accordance with such standards and by such methods as may be prescribed "

I do not know why even small factories should not conform to these provisions that they should be properly ventilated. Sub-section (2) of section 14 says:

"(2) Where gas, dust or other impurity is generated in the course of work, adequate measures shall be taken to prevent injury to the health of workers "

Sir, I feel that the application of this sub-section is also necessary and that it will not impose a great burden upon the owners or the occupiers of the factories. I, therefore, hope that the Government of India will continue their good deeds and will accept this amendment of mine.

**Mr. President** (The Honourable Sir Abdur Rahim). Amendment moved:

"That in clause 2 of the Bill, in sub-section (1) of the proposed section 59D, the brackets, figures and word '(1), (2) and ', occurring in the third line, be omitted."

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** Sir, there are two sub-sections which the Honourable Member has referred to here, viz., sub-section (1) and sub-section (2) of section 14. Sub-section (1) says:

"Every factory shall be ventilated in accordance with such standards and by such methods as may be prescribed."

Obviously, this applies to large factories—the prescribing of standards by a Provincial Government. It will be impossible for a Provincial Government to fix standards for the small factories that we have in view, and, therefore, I am unable to accept that amendment as regards sub-section (1), but if the Honourable Member confines himself to the omission of sub-section (2), which is more important, viz.:

"Where gas, dust or other impurity is generated in the course of work, adequate measures shall be taken to prevent injury to the health of workers."



I am prepared to accept that amendment; that is to say, if the Honourable Member will confine his amendment to the omission of sub-section (2) of section 14, I shall be prepared to continue to be on what he has called "good behaviour".

**Mr. N. M. Joshi:** Sir, one must be pleased with the small mercies which fall from our Government and I am prepared to accept this amendment of my amendment by the Honourable Member.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member has to withdraw this amendment first, and then he can move another amendment.

**Mr. N. M. Joshi:** Very well, Sir, I ask leave of the House to withdraw my amendment No. 5.

The amendment was, by leave of the Assembly, withdrawn.

**Mr. N. M. Joshi:** Sir, I move :

"That in clause 2 of the Bill, in sub-section (1) of the proposed section 59D, the brackets and figure '(2)', occurring in the third line, be omitted."

**Mr. President** (The Honourable Sir Abdur Rahim) The question is :

"That in clause 2 of the Bill, in sub-section (1) of the proposed section 59D, the brackets and figure '(2)', occurring in the third line, be omitted."

The motion was adopted.

**Mr. N. M. Joshi:** Sir, I move

"That in clause 2 of the Bill, in sub-section (1) of the proposed section 59D, the word and figures 'Chapter IV' be omitted "

The Bill proposes that Chapter IV of the Factories Act should not apply to the factories which are covered by this Bill. I propose that Chapter IV of the Factories Act should apply to them. Chapter IV of the Factories Act, as you know, deals with the restrictions on hours of work. You know, Sir, that in small factories people who are employed have some time to work for long hours. The Indian Factories Act puts restrictions upon the maximum hours of work in factories which are under the Factories Act. I think these restrictions are very salutary and necessary. It is wrong to allow employers to make their employees work for very long hours. This is not an occasion to make a long speech showing how long hours are injurious to the health of the people who are employed in factories. I shall content myself by telling the House that the Factories Act restricts the hours of the adults to 54 a week and ten hours a day. Now, even these are very long hours for work. If we ourselves have to stand near machinery for more than ten hours, we shall know how injurious it is to our health, especially when there is only one hour's rest in the interval. If standing near a machinery for long hours is not good for us, I am sure you and the Members of the Assembly will agree with me that it is not good for those people who work in these small factories. Let us, therefore, pass my amendment and make Chapter IV of the Factories Act applicable to the small factories also.

**Mr. President** (The Honourable Sir Abdur Rahim): Amendment moved:

"That in clause 2 of the Bill, in sub-section (1) of the proposed section 59D, the word and figures 'Chapter IV' be omitted."

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** Sir, I am unable to accept the amendment. This Bill deals primarily with the question of employment of children. The Honourable Member's amendment really relates to adults and their hours of work and is, in a way, outside the object of this Bill. It will again throw a great deal of burden by way of inspection staff on the Provincial Governments and, in the absence of any indication that Provincial Governments will undertake the task, I regret I am unable to accept this amendment.

**Mr. President** (The Honourable Sir Abdur Rahim): The question is:

"That in clause 2 of the Bill, in sub-section (1) of the proposed section 59D, the word and figures 'Chapter IV' be omitted."

The motion was negatived.

**Mr. President** (The Honourable Sir Abdur Rahim): Today being Friday, the House will adjourn now till a quarter past two.

The Assembly then adjourned for Lunch till a Quarter Past Two of the Clock.

The Assembly re-assembled after Lunch at a Quarter Past Two of the Clock, Mr Deputy President (Mr Akhil Chandra Datta) in the Chair.

**Mr. N. M. Joshi:** Sir, I move:

"That in clause 2 of the Bill, in sub-section (1) of the proposed section 59D, the words and figures 'and sections 65 and 77' be omitted and the word 'and' be inserted before the word 'Chapter'."

I have modified my amendment slightly because the Government have accepted certain amendments before and, therefore, this slight consequential amendment is necessary.

Sir, section 77 gives power to the Provincial Government to make rules prescribing certain information being given to the Government for the purpose of this Act and section 65 is a consequential one fixing some punishment for the failure to give information. I think it is necessary that the Government should have information regarding factories to which this Bill applies and I have no doubt the Government of India will accept this amendment.

**Mr. Deputy President** (Mr. Akhil Chandra Datta): Amendment moved:

"That in clause 2 of the Bill, in sub-section (1) of the proposed section 59D, the words and figures 'and sections 65 and 77' be omitted and the word 'and' be inserted before the word 'Chapter'."

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** Sir, this is really a consequential amendment to the amendment which I have accepted asking the factory owners to send returns compulsorily. Sir, I accept the amendment.

**Mr. Deputy President** (Mr. Akhil Chandra Datta): The question is:

"That in clause 2 of the Bill, in sub-section (1) of the proposed section 59D, the words and figures 'and sections 65 and 77' be omitted and the word 'and' be inserted before the word 'Chapter'."

The motion was adopted.

**Mr. N. M. Joshi:** Sir, I beg to move:

"That in clause 2 of the Bill, in sub-section (1) of the proposed section 59D, all the words beginning with the words 'at any time' and ending with the word 'thereof' be omitted."

Sir, this amendment also has been modified slightly. I hope the Government of India will have no objection to my modifying this amendment. It restricts the scope of my original amendment. In my original amendment I had proposed that the provisions of this Bill should apply to all factories whether they employ children or not. As the Government of India have accepted one of my amendments, namely, that sub-section (1) of section 9 should apply to these factories, I think I should also make some concession and should not ask what I have asked in my original amendment. I am in a responsive mood; if the Government are responsive and are willing to make concessions, I am also willing to make similar concessions. I, therefore, propose that this Bill should apply only to those small factories which employ children but not necessarily to factories regarding which the Factory Inspector has given notice. What I am aiming at is that this Act should automatically apply to all factories which employ children. I hope, Sir, as the Government of India have accepted my one or two other amendments, they will accept this amendment also. If they accept this amendment of mine, this Bill will have some usefulness. This morning I said that this Bill does not make any progress. But if the Government make the application of this Bill automatic, it will make some progress. As the Government are anxious to make some progress, as regards factory legislation, I hope they will accept the amendment.

**Mr. Deputy President** (Mr. Akhil Chandra Datta): Amendment moved:

"That in clause 2 of the Bill, in sub-section (1) of the proposed section 59D, all the words beginning with the words 'at any time' and ending with the word 'thereof' be omitted."

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** Sir, Barkis has always been willing and when my Honourable friend, Mr. Joshi, is in such a conciliatory mood, I think it would not be proper on my part to oppose this amendment.

**Mr. Deputy President** (Mr. Akhil Chandra Datta): The question is:

"That in clause 2 of the Bill, in sub-section (1) of the proposed section 59D, all the words beginning with the words 'at any time' and ending with the word 'thereof' be omitted."

The motion was adopted.

**Mr. Deputy President** (Mr. Akhil Chandra Datta): The question is:

"That clause 2, as amended, stand part of the Bill."

**Mr. M. S. Aney:** Sir, I have not to make a long speech. It was only with a view to eliciting some information from the Honourable Member with regard to the scope of clause 2 of the Bill in general I wanted to make one or two observations. This Bill is intended to extend the working of the Factories Act in some respect to small factories, and small factories were defined in some way. My suspicion has been this. Supposing there is a joint family of more than ten members with a small handloom industry which on account of the present extension of electric power makes use of that power for running two looms, and besides these ten members there is no outside or paid labour employed, will that joint family and this industry be construed into a small factory within the meaning of this Bill? If it does, I respectfully submit it would be an unnecessary hardship, and, therefore, the rules and regulations with regard to factories should not be made applicable to members of a joint family working for a joint family business. I, therefore, wish that the definition of a small factory given here should have been so amended as to exclude cases of this kind. As the Bill was not going either to a Select Committee or for circulation I tried to elicit the information from my Honourable friend by writing a chit. He was good enough to reply to me in the midst of his multifarious activities and preoccupations, but it was a rather disappointing reply. I do not know if he can enlighten me further and infuse some hope in me about the possibility of excluding such extreme cases from the operation of this law.

**Mr. N. M. Joshi:** Sir, I will briefly answer my Honourable friend, Mr. Aney. He said that members of a joint family working a factory should not be subject to the provisions of this Bill. This Bill only makes provision for sanitary regulations and safety regulations. If members of a joint family are working near electric machinery it is necessary that their safety should be safeguarded. All of them may not know how to handle this machinery, and with safety and sanitary regulations they may save themselves. Their lives must be protected from injury from dust or gas or such things and they must also be protected against dangerous machinery. Therefore, though the Bill may apply to a joint family the application is necessary. Moreover, as he himself admits, cases of a joint family of ten managing a factory will be very rare and we need not make any provision for such rare cases.

**Mr. Deputy President** (Mr. Akhil Chandra Datta): The question is:

"That clause 2, as amended, stand part of the Bill."

The motion was adopted.

Clause 2, as amended, was added to the Bill.

Clause 3 was added to the Bill.

Clause 1 was added to the Bill.

The Title and the Preamble were added to the Bill.

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** Sir, I move:

"That the Bill, as amended, be passed."

**Mr. N. M. Joshi:** Sir, when I spoke this morning I said something about the department of my Honourable friend, the Labour Member. He, naturally, did not like my remarks about the department being unemployed, but let me assure him that I have no intention of saying that

his department should not exist. As a matter of fact I am one of those who feel that the department should increase. And not only that; I do not grudge my Honourable friend the Rs. 80,000 that he gets. Somebody will get that sum and I would rather prefer an old colleague to get it than any one else. I would very much like the department not only to exist but also to increase and work vigorously and bring forward important measures. I have no doubt that there is much scope before the department for doing things for the welfare of Indian labour and I have great hopes that it will do so.

**Mr. Deputy President** (Mr. Akhil Chandra Datta): The question is:

"That the Bill, as amended, be passed."

The motion was adopted.

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### THE RESERVE BANK OF INDIA (CLOSING OF ANNUAL ACCOUNTS) BILL.

**Mr. K. Sanjiva Row** (Government of India: Nominated Official): Sir, I move

"That the Bill to facilitate the changing of the date on which the annual accounts of the Reserve Bank of India are closed, be taken into consideration."

This is a very minor measure meant to enable the Reserve Bank of India to close its accounts on the 30th June instead of on the 31st December. The reasons for this have been explained in the Statement of Objects and Reasons and I have nothing to add to it. Sir, I move.

**Mr. Deputy President** (Mr. Akhil Chandra Datta): The question is:

"That the Bill to facilitate the changing of the date on which the annual accounts of the Reserve Bank of India are closed, be taken into consideration."

The motion was adopted.

Clauses 2 to 6 were added to the Bill.

Clause 1 was added to the Bill.

The Title and the Preamble were added to the Bill.

**Mr. K. Sanjiva Row**: Sir, I move:

"That the Bill be passed."

**Mr. Deputy President** (Mr. Akhil Chandra Datta): The question is:

"That the Bill be passed."

The motion was adopted.

### THE INDIAN EMIGRATION (AMENDMENT) BILL.

**Sir Girja Shankar Bajpai** (Secretary, Department of Education, Health and Lands): Sir, I beg to move:

"That the Bill further to amend the Indian Emigration Act, 1922, be taken into consideration."

[Sir Girja Shankar Bajpai.]

Honourable Members will have seen from the Statement of Objects and Reasons that this Bill is designed to rectify two minor defects in the existing Act. One of the clauses is designed to enable the Protector of Emigrants to function in exactly the same way as a customs officer, in so far as the right of detention or search of a ship contravening the provisions of the Act is concerned. That is clause 2 of the Bill. Clause 3 is designed to enable a police officer to act against a person who may be evading or contravening a notification issued under section 30A of the Act. At the present moment, the position is that, if a person is "emigrating" as defined in the Act in contravention of the provisions of the Act, then a police officer may arrest such person. But, in the autumn of 1938, the House decided that it was not merely emigration for the purpose of unskilled work, with the aid of somebody, or under an agreement to work before leaving this country, that might be prohibited. The House also decided that *any* emigration for unskilled work might be prohibited. That was done and section 30A achieves that. But section 30A did not empower a police officer to act in the manner in which he can act under section 25; in so far as the contravention of the ordinary act of "emigration" is concerned. That is an illogicality in the Act and we are seeking to put that right. Sir, I move.

**Mr. Deputy President** (Mr Akhil Chandra Datta): Motion moved.

"That the Bill further to amend the Indian Emigration Act, 1922, be taken into consideration."

**Mr. Lalchand Navalrai** (Sind. Non-Muhammadian Rural). Sir, reading clause 3, it occurs to me to put a question to the Honourable Member. This gives power to the police officer to arrest. That means the offence is going to be cognisable. I would like to know what difficulty there would be, if instead of making the police officer arrest without warrant and making it a cognisable offence, a complaint is lodged then and there before the magistrate, a warrant is issued and then the man may be arrested or brought to book.

**Sir Girja Shankar Bajpai**: Sir, my Honourable friend does not seem to appreciate the fact that we are dealing with people who may be emigrating in contravention of a notification issued by the Governor General in Council. The position would be that the person would contravene actually by the act of boarding the ship. There may be no magistrate there unless provision is made for having a magistrate also on the quayside; to deal with this you have got to make the offence cognisable.

**Mr. Deputy President** (Mr Akhil Chandra Datta): The question is:

"That the Bill further to amend the Indian Emigration Act, 1922, be taken into consideration."

The motion was adopted.

Clauses 2 and 3 were added to the Bill.

Clause 1 was added to the Bill.

The Title and the Preamble were added to the Bill.

**Sir Girja Shankar Bajpai**: Sir, I beg to move:

"That the Bill be passed."

**Mr. Deputy President** (Mr. Akhil Chandra Datta): The question is:

"That the Bill be passed."

The motion was adopted.

### THE RESERVE BANK OF INDIA (AMENDMENT) BILL.

**Mr. K. Sanjiva Row** (Government of India. Nominated Official): Sir, I move:

"That the Bill further to amend the Reserve Bank of India Act, 1934, be taken into consideration."

The present monetary unit in Ceylon is the Indian rupee, though there is a separate paper currency in Ceylon, the notes are convertible into Indian rupees. So as to be in a position to determine their own currency policy and to provide for the economic handling of the island's currency the Ceylon Government propose to establish a Board of Commissioners to manage their currency. With the establishment of this Board, they will introduce their own Ceylon rupee. Until a date to be appointed by the Governor, the Indian rupee will continue to be legal tender in Ceylon and will continue to be received in exchange for Ceylon coin and Ceylon notes. Even after that date, the Ceylon rupee will be linked to the Indian rupee at par, and arrangements will be made for this purpose with the Reserve Bank of India. To enable the Reserve Bank of India to do this, a portion of the Ceylon Currency Security Fund will be kept in the custody of the Bank; and in order to enable the Bank to do this, the amendments proposed in the Bill have been placed before the House. Under the Act as it stands at present, the Reserve Bank of India is not authorised to act as an agent for the Ceylon Board of Commissioners. Sir, I move.

**Mr. Deputy President** (Mr. Akhil Chandra Datta): Motion moved:

"That the Bill further to amend the Reserve Bank of India Act, 1934, be taken into consideration."

**Mr. M. S. Aney** (Berar Non-Muhammadan): May I ask the Honourable Member whether the Ceylon rupee will be legal tender, after this Act is passed, in India or not?

**Mr. K. Sanjiva Row**: No.

**Mr. M. S. Aney**: And our rupee will not be legal tender in Ceylon?

**Mr. K. Sanjiva Row**: Our rupee will continue to be legal tender there until a date to be appointed by the Governor; but even after that date arrangements will be made with the Reserve Bank for exchange of Indian and Ceylon rupees at par: that is, if a person pays Ceylon rupees in Ceylon, he will get the equivalent amount of Indian rupees in India from the Reserve Bank and *vice versa*.

**Mr. Deputy President** (Mr. Akhil Chandra Datta): The question is:

"That the Bill further to amend the Reserve Bank of India Act, 1934, be taken into consideration."

The motion was adopted.

Clause 2 was added to the Bill.

Clause 1 was added to the Bill.

The Title and the Preamble were added to the Bill.

**Mr. K. Sanjiva Row:** Sir, I move.

"That the Bill be passed "

**Mr. Deputy President** (Mr. Akhil Chandra Datta) The question is:

"That the Bill be passed "

The motion was adopted.

The Assembly then adjourned till Eleven of the Clock on Saturday, the 24th February, 1940.



# LEGISLATIVE ASSEMBLY.

*Saturday, 24th February, 1940.*

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. President (The Honourable Sir Abdur Rahim) in the Chair.

## MEMBER SWORN.

Mr John Hugh Francis Raper, M L.A (Government of India: Nominated Official):

## STARRED QUESTIONS AND ANSWERS

### (a) ORAL ANSWERS.

#### CONSTRUCTION OF CERTAIN UNORTHODOX QUARTERS IN NEW DELHI.

160. \*Sardar Sant Singh: (a) Is the Honourable the Labour Member aware that a large number of clerks are already on the waiting list of the allotment of 'C' and 'D' class of unorthodox quarters at New Delhi and have waited in vain for one to four years, while their fellow clerks applying for orthodox quarters have hardly to wait for more than a year?

(b) Is he prepared to consider the desirability of constructing more quarters of these types to meet the growing demand for such quarters? If no more quarters are to be constructed in the near future, does he propose to consider the desirability of effecting a change at an early date in the existing rules which debar men from changing their classifications from unorthodox to orthodox and *vice versa*? If not, why not?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: (a) Yes.

(b) No. Unorthodox clerks quarters of the types mentioned are costly and it is not proposed to build any more of them for the present. Under existing orders persons eligible for clerks quarters can elect to be treated as orthodox or unorthodox for purposes of residential accommodation, but once a choice has been made no change is permissible until four years have elapsed. No alteration in these orders is considered necessary.

#### UNORTHODOX 'C' TYPE QUARTERS IN NEW DELHI.

161. \*Sardar Sant Singh: Will the Honourable the Labour Member please state the total number of unorthodox 'C' type quarters separately in old area and Minto Road area of New Delhi? How many of these are occupied by the staff attached to the Central Public Works Department and what percentage does it form to the total number of quarters and the establishment of that class in the Central Public Works Department?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** The total number of 'C' class unorthodox clerks' quarters in New Delhi is 96 (excluding two reserved quarters) out of which 64 are in the old area and the remaining 32 in the Minto Road area.

Fourteen 'C' class unorthodox clerks' quarters are occupied by the staff of the Central Public Works Department. This is equivalent to 14 per cent. of the total number of quarters and 56 per cent. of the total demand of the Department. The two reserved quarters have been removed from the pool and are occupied by the Caretaker, Council House, New Delhi, and the Assistant Superintendent, Horticultural Operations, Central Public Works Department, whose duties require that they should reside in close proximity to their work.

#### SYSTEM OF DISPOSAL OF LAND BY THE IMPROVEMENT TRUST IN KAROL BAGH, DELHI.

**162. \*Sardar Sant Singh:** (a) Is the Education Secretary aware that the Delhi Improvement Trust have recently sold out many plots of land for building houses in Karol Bagh on a premium of Rs 6 to 6/8/- per square yard, over and above which certain percentage of annual rent for the ground is to be paid by each of the lessees?

(b) Was the system of disposal of land ever examined by the Delhi Improvement Trust? If not, why not, and if so, with what results?

(c) Will he please have a comparative statement prepared and placed on the table, showing how the present system of disposing of land in Karol Bagh is going to be more economical than selling it in outright sale, and what would be the effect thereof at the end of every tenth year until the expiry of the lease in each system?

(d) Will he please have the question of selling the land in the whole of Karol Bagh area examined afresh to make the sales less expensive to the Delhi Improvement Trust and less troublesome to the public who are required to arrange for the payment of lease money every half year?

**Sir Girja Shankar Bajpai:** (a) Yes

(b), (c) and (d) Government consider a system of long term leases preferable to a system of outright sales in important nazul areas as it enables the Trust to maintain a certain degree of control over building in these areas and to secure to the Trust any increment in land values that may be due to improvements effected by the Trust. In these circumstances a fresh examination of the present policy does not appear to be necessary.

**Dr. Sir Ziauddin Ahmad:** Will Government consider the desirability of appointing a Land Sales Control Officer in the same manner as they have appointed a Rent Control Officer?

**Sir Girja Shankar Bajpai:** There is a Land Development Officer already.

**Dr. Sir Ziauddin Ahmad:** Does he control the prices?

**Sir Girja Shankar Bajpai:** He cannot control the prices.

**Dr. Sir Ziauddin Ahmad:** I want an officer who can control the prices.

**"SUPERVISORY STAFF FOR BUILDINGS IN CERTAIN OFFICES IN DELHI.**

**163. \*Sardar Sant Singh** (a) Will the Education Secretary please state the number and designations of the supervisory staff for buildings in each of the following offices, and the duties assigned to each of them :

- (i) Land and Development Office, New Delhi,
- (ii) Delhi Improvement Trust; and
- (iii) Delhi Municipal Committee?

(b) Is it not one of their duties to see to the construction of the buildings according to the plans sanctioned by the respective offices? If not, what are they supposed to be doing while going round each morning in the area in their respective charge on account of which they are allowed to attend the office at 2 P.M. daily?

**Sir Girja Shankar Bajpal:** I have made certain enquiries and shall furnish a reply to the House after I have got the information.

**DEMAND FOR UNORTHODOX 'C' TYPE QUARTERS IN NEW DELHI.**

**164. \*Mr. Muhammad Azhar Ali:** (a) Will the Honourable Member for Labour please state the number of clerks awaiting allotment of 'C' type of unorthodox quarters in New Delhi in the migratory and non-migratory establishment, respectively? How many of them are awaiting for the last one, two, three and four years, respectively?

(b) How many of such type of quarters fell vacant during each of the last three years, and how many are likely to fall vacant for allotment in the year 1940-41?

(c) Is he aware that due to the great demand for 'C' type quarters, many clerks have to wait for years together before one is allotted?

(d) Is he also aware of the additional hardship that these persons would be subjected to by the recent amendment in the rules, under which a person going out of class would not be deprived of the quarter in his possession until a higher type of quarters is allotted to him?

(e) Is he also aware that by the location of the Secretariat offices at New Delhi, the staff which was till now migratory will have to undergo a great hardship for want of accommodation for twelve months in the year as against six months previously?

(f) Will he please state what he proposes to do to minimise the hardship in the case of those who are entitled to this type of quarters?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** (a) The number of clerks awaiting allotment of 'C' type unorthodox quarters in New Delhi in the migratory and non-migratory establishment is 105 and 22, respectively. Out of these 57 migratory and seven non-migratory have been waiting for one year, 30 migratory and four non-migratory for the last two years, ten migratory and one non-migratory for the last three years and eight migratory and ten non-migratory for the last four years.

(b) three, twelve and seven 'C' class unorthodox clerks' quarters fell vacant during 1937-38, 1938-39 and 1939-40, respectively. Only one such quarter is likely to fall vacant in the year 1940-41.

(c), Yes.

(d) The majority of clerks will be benefited by the amendment referred to, as once quarters have been allotted to them, they will continue in unbroken occupation of those or other quarters of a higher class so long as they are employed at the Headquarters of the Government of India.

(e) Some of the staff affected will be able to secure quarters vacated by the migratory staff during the summer season.

(f) Government have not accepted the obligation to provide quarters for the entire staff, and under present conditions, it is, I am afraid, not possible to build more quarters of the 'C' class unorthodox type.

**Mr. Muhammad Ashar Ali:** How do Government propose to accommodate those clerks who have not got any quarters?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** Government have never accepted the obligation to provide cent. per cent. quarters for all the staff. They have laid down, as their policy, that 80 per cent. of the requirements will be provided for by the Government. The rest of them will have to look out for themselves as indeed Government servants in any other place do.

**Dr. Sir Ziauddin Ahmad:** Did Government consider the question of shortage of housing accommodation when they decided not to have migration to Simla.

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** Yes, Sir; and additional accommodation for a lower type of quarters for clerks is being considered.

**Mr. N. M. Joshi:** Is it a fact, Sir, that on account of the permanent residence of the Government of India in New Delhi improvements are being made in the quarters for officers and the subordinate staff, but in the case of officers the improvements are large and costly, while, in the case of quarters for subordinate staff, the improvements are very meagre, and is it also a fact that the Government of India are providing air-conditioned roofs to the officers, and not to the subordinate staff?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** Strictly speaking, this does not arise out of the main question, but I shall try to satisfy my friend. If he will please look up the answer I gave to Dr. Sir Ziauddin Ahmad at the beginning of this Session, he will find the answer there that it is not true or correct to say that Government are providing better facilities or amenities for officers' quarters while not giving the same facilities for clerks' quarters. Whatever facilities are required and to the extent that the Government can, have been provided for each kind of quarters and it is not correct to say that any special additional facilities have been provided for officers' quarters.

**Mr. N. M. Joshi:** May I know, Sir, whether air-conditioned roofs are not quite suitable for the subordinate staff, and whether the air-conditioned roofs which are provided for officers' quarters are not suitable for quarters of the subordinate staff also?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** I do not know what the Honourable Member means by air-conditioned roof, but the Government of India have not considered any such thing and are not providing any air conditioned roofs for anybody at all.

**Dr. Sir Ziauddin Ahmad:** May I know, Sir, whether it is a fact or not that the Government of India are contemplating to build more houses of the "C" type?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** Government are not contemplating to build more houses of the 'C' class unorthodox type.

**LAY-OUT OF THE IMPROVEMENT TRUST PLOTS IN CERTAIN AREAS IN DELHI.**

**165. \*Mr. Muhammad Azhar Ali:** (a) Is the Education Secretary aware that the Delhi Improvement Trust is having all plots of land for building purposes in Karol Bagh, Subzi Mandi, Daryagunj demarcated in such a way that each of them is open on two sides at least?

(b) Is he also aware that the Trust is spending lacs of rupees to improve all such localities which are congested or have not been provided with all the modern amenities now available in the City or New Delhi?

(c) Is he also aware that, even before the establishment of the Delhi Improvement Trust, the lay-out of Karol Bagh and other areas was designed in such a way that each plot was kept, as at present, open on two sides at least?

(d) Will he please state if there are any houses in these localities which are not so open on two sides at least, and if so, where they are?

(e) Is he also aware that some of such houses are without any ventilation?

(f) Were such houses ever inspected by the Health Officer, or the Chief Health Officer and what was his opinion? If these have not been inspected, do Government propose to have it done now?

(g) Will he please state whether any amount has been or is proposed to be set apart to improve the lot of such houses and to bring them in line with the rest of the houses in the localities which open on two sides at least? If not, why not?

**Sir Girja Shankar Bajpai:** (a) and (b). Yes.

(c) The original lay-out of Karol Bagh, of over 25 years ago, and of other Nazul areas, probably contemplated construction which should have at least two sides opening on to a free air space. Owing to the transference of lease rights, however, and the sub-division of holdings, many plots in Karol Bagh and other areas no longer had two free sides when the Trust was set up.

(d) Such houses exist in Karol Bagh as well as in other Trust localities and throughout the city of Delhi. It is not possible to give a list of them.

(e) Some houses have inadequate ventilation.

(f) Many such houses have been inspected by the Chief Health Officer, whose opinion is that judged by modern standards of light and air they should not be inhabited.

(g) No amount has been set apart but the Trust have enforced the closure of many tenements in Karol Bagh as unfit for human habitation in their present condition and are considering what further measures can be taken to improve housing conditions in the area.

**Mr. Muhammad Azhar Ali:** Is it a fact or not that several applications are lying in the office of the Trust where improved houses could be built?

**Sir Girja Shankar Bajpai:** Strictly speaking, that does not arise out of this question, but I shall make inquiries and let my friend know.

#### INSANITARY CONDITION OF CERTAIN LANES AND ROADS IN KAROL BAGH, DELHI.

**166. \*Mr. Muhammad Azhar Ali:** (a) Is the Education Secretary aware that even after the expenditure of lacs of rupees by the Delhi Improvement Trust on the improvement of Karol Bagh area, its sanitary condition is far from satisfactory and the lanes and roads in Naiwala and Beadonpura, etc., remain flooded with water, and are full of refuse and rubbish, making passage through them difficult?

(b) Is he also aware that the houses recently built in these localities have been required by the Delhi Improvement Trust to be fitted with sanitary fittings and connected with sewage, and that such houses are very few in each lane?

(c) Is he also aware that unless other house-owners in such lanes are in the same way required by the Delhi Improvement Trust to fit their houses with sanitary fittings and drains connected with the sewage at an early date, the sanitary conditions of these lanes in Naiwala, etc., can never improve? If so, what does he propose to do in the matter and when?

(d) Apart from the steps already taken by the Delhi Improvement Trust to improve the localities, what steps has the Municipal Health Office taken to see day to day removal of rubbish from the drains and have them properly washed?

(e) Will he please state what he proposes to do to improve the sanitation of the area and to safeguard the interests of the house-owners, mentioned in part (b) above?

**Sir Girja Shankar Bajpai:** (a) No. I am informed that sanitary conditions in the Karol Bagh area have improved out of all recognition as the result of the execution of the Trust's Western Extension Scheme. The works are nearing completion and action for connecting house sullage with the sewers is being taken. This will improve conditions further.

(b) and (c). It is a fact that in the old Karol Bagh *abadi* the number of new houses fitted with modern sanitation at the time of construction was relatively small. Action to enforce the connections of the waste water drains of every house to the sewers is, however, being taken throughout the entire area and the Trust is using every endeavour to encourage the installation of sanitary fittings in private houses.

(d) In the Western Extension built-up areas, pending completion of all services by the Trust and the transfer of such services to the Delhi Municipal Committee, the drains are maintained and cleaned by the Central

Public Works Department on behalf of the Trust. Scavenging and conservancy are the responsibility of the Delhi Municipal Committee, whose routine arrangements are still in force.

(e) As stated under (a), (b) and (c) the Trust is taking appropriate action.

#### RECRUITMENTS TO THE IMPERIAL RECORDS DEPARTMENT.

**167. \*Mr. Muhammad Azhar Ali:** (a) Is the Education Secretary aware if it is a fact that the Keeper of Records of the Government of India was permitted to recruit his First Grade personnel direct and not through the Federal Public Service Commission on the ground that he wanted technical and experienced men to be promoted to that grade from within the office?

(b) Are Government aware that some outsiders have either been recruited or earmarked for some vacancies in preference to the experienced and technical staff already employed?

(c) Is it also a fact that many of those who are already employed are graduates, and in spite of that, raw graduates from outside are being recruited direct to the First Grade? If so, what steps does he propose to take to safeguard the interests of those who are already working in the Imperial Records Department?

**Sir Girja Shankar Bajpai:** (a) It was never the intention of Government that all vacancies in the first grade of the Imperial Record Department should be filled by the Keeper of the Records of the Government of India, only by promotion of persons already employed in that Department.

(b) Of the four vacancies one goes to a senior man of the permanent clerical staff and the other three to three assistants who have been on the temporary staff since 1937. No outsiders have been recruited.

(c) In view of the reply to part (b) it is clear that the Keeper of the Records of the Government of India gives due consideration to the claims of persons already employed in his office at the time of filling vacancies in the first grade.

**Dr. Sir Ziauddin Ahmad:** With reference to the answer to part (c) of the question, is it also a fact that many of those who are already employed are graduates, and in spite of that, raw graduates from outside were recruited direct to the first grade?

**Sir Girja Shankar Bajpai:** No. The position is that there was a competitive examination held by Khan Bahadur Abdul Ali in 1937. From 500 candidates 19 were selected and of those, four were recruited, and of the four recruited in 1937, three have been promoted.

**Dr. Sir Ziauddin Ahmad:** 1937 or 1837?

**Sir Girja Shankar Bajpai:** 1937.

**Dr. Sir Ziauddin Ahmad:** The examination was held three years ago. I thought 108 years ago. The result is the same.

**Sir Girja Shankar Bajpai:** If it had been held 103 years ago, those who took part in the examination would be under the earth by now.

**DEMAND FOR UNORTHODOX 'C' TYPE QUARTERS IN NEW DELHI.**

†168. \***Pandit Krishna Kant Malaviya:** (a) Is the Honourable Member for Labour aware that the allotment of Government quarters to the ministerial establishment is made in New Delhi according to seniority and in Simla according to juniority?

(b) Is he also aware that there is a large number of clerks awaiting allotment of quarters for many years particularly for the 'C' type of unorthodox quarters?

(c) Is he further aware that the chances of allotment of Government quarters to them have been minimised by the recent amendment of the rules whereby, until a higher type of quarter is not made available, an allottee would continue to occupy the quarter already in his possession?

(d) Is he further aware that this recent amendment has adversely affected the position of those clerks who had vacated their previous quarters and were left with no accommodation, many of whom have waited in vain for years together, if so, what he proposes to do to remove their difficulties?

(e) Is he further aware that many of these clerks are keen to have even a lower type of quarters until quarters of the proper type become available?

(f) Is he further aware that by permitting them to occupy the lower type of quarters, Government will gain by realizing at least the maximum rent of the quarters?

(g) Is he further aware that allotment of quarters is to be made by the Estate Office in March next?

(h) Is he prepared to consider the desirability of allotting accommodation to such of the clerks at this time who were ousted from Government quarters before the above mentioned amendment came into force and are now prepared to accept any type of quarters for the present? If not, why not?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** (a) In both Delhi and Simla the allotment of quarters is made by seniority in the case of married clerks and by juniority in the case of single clerks.

(b), (c) and (d). The Honourable Member is referred to my replies to parts (c) and (d) of starred question No. 164

(e) Yes, but no quarters of a lower type are available for allotment to them.

(f) Does not arise in view of my reply to part (e)

(g) Yes.

(h) No. As the number of entitled applicants in all classes exceeds the number of quarters, no quarters are available for out-of-class allotments.

**CREATION OF NEW APPOINTMENTS OF ASSISTANT ENGINEERS IN THE CENTRAL PUBLIC WORKS DEPARTMENT.**

169. \***Mr. Muhammad Azhar Ali:** (a) Will the Honourable the Labour Member kindly state how many new appointments of Assistant Engineers are being created in the Central Public Works Department?

(b) How is it proposed to fill up these posts?

† Answer to this question laid on the table, the questioner being absent.



(c) Is the recruitment being made through the Federal Public Service Commission? If not, why not?

(d) What is the present proportion of Europeans, Anglo-Indians, Muslims, Hindus, Sikhs, etc., in the gazetted staff under the Central Public Works Department—technical and non-technical sides—separately?

(e) Is it a fact that the proportion of Europeans and Anglo-Indians is already much more than their share according to Government orders?

(f) How many new appointments are being offered to Europeans and Anglo-Indians? What are their qualifications?

(g) Is it also a fact that numerous qualified engineers with English qualifications who are without employment, are available in India and the new posts are being offered to men already in service with poor or no qualifications? If so, why?

(h) Was the Honourable Member consulted in regard to the procedure to be adopted in filling the new posts? If not, why not?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** (a) Ten posts of Assistant Executive Engineer are being created in the Central Public Works Department with effect from the 1st April, 1940.

(b) The posts will be filled by recruitment in accordance with the "Central Engineering Service (Class I) Recruitment Rules" published in Department of Labour Notification No. E33, dated the 20th May, 1939, which appeared on page 883 of Part I of the *Gazette of India* of the same date.

(c) The appointments will be made in consultation with the Federal Public Service Commission.

(d) A statement is placed on the table.

(e) The communal orders do not apply to Europeans of non-Asiatic domicile. As regards Anglo-Indians and Domiciled Europeans, the answer is in the affirmative.

(f) and (g) Until the Federal Public Service Commission have been consulted, I regret I can give no information on these points.

(h) The details of Secretariat procedure are confidential and cannot be disclosed.

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Statement showing the present proportion of Europeans, Anglo-Indians, Muslims, Hindus, Sikhs, etc., in the Gazetted staff of the Central Public Works Department.

Community.		No. of officers.	Percentage.
<i>Technical.</i>			
Europeans	.	9	22.5
Hindus	.	14	35
Muslims	.	7	17.5
Domiciled Europeans and Anglo-Indians	.	6	15
Sikhs	.	3	7.5
Indian Christians	.	1	2.5
Total	.	40	
<i>Non-Technical</i>			
Muslims	.	1	33.3
Domiciled Europeans and Anglo-Indians	.	2	66.7
Total			

**Mr. Muhammad Azhar Ali:** Is there any difference between an examination by the Federal Public Service Commission and consultation with the Federal Public Service Commission?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** Oh, yes. If promotions are to be made from one class to another the Federal Public Service Commission has to be consulted, no question of examination arises in that case. If new recruitment has to be made, the Federal Public Service Commission may hold a competitive examination.

**AMENDMENT OF THE CALCUTTA UNIVERSITY ACT AND ESTABLISHMENT OF A UNIVERSITY IN ASSAM.**

**170. \*Dr. Sir Ziauddin Ahmad:** (a) Will the Secretary for Education, Health and Lands please state if the Bengal Government have drafted any Bill to amend the Calcutta University Act?

(b) Have the Government of India received any communication from the Bengal Government about the amendment of the Calcutta University Act?

(c) Have the Government of Assam approached the Government of India about the establishment of a University in Assam?

(d) If the answer to part (c) be in the affirmative, will Government be pleased to state the manner of introducing the consequential amendment in the Calcutta University Act?

**Sir Girja Shankar Bajpai:** (a) The Government of India have no information.

(b) In 1938, the Bengal Government addressed a communication to the Government of India in which the question of amending the Calcutta University Act was raised. The matter was, however, held over as the question of the classification of multi-unit universities under the Government of India Act, 1935, was under consideration. The recent enactment of clause 7 of the India and Burma (Miscellaneous Amendments) Bill, a copy of which is in the Library, has produced a position in which the authority competent to amend the Calcutta University Act is the Bengal Legislature.

(c) No

(d) If a University is established in Assam nothing will, I apprehend, be required beyond the cancellation of so much of the notification now in force under section 27 of the Indian Universities Act, 1904, as includes Assam in the territorial limits within which the powers conferred on the Calcutta University shall be exerciseable.

**Dr. Sir Ziauddin Ahmad:** With reference to the answer to part (b) of the question, I want to know whether the permission of the Bengal Government is necessary in order to have legislation in the Assam Legislature for the creation of a University?

**Sir Girja Shankar Bajpai:** No. The permission of the Government of Bengal is not necessary.

**Dr. Sir Ziauddin Ahmad:** If legislation is enacted, then the Calcutta University Act will automatically be modified?

**Sir Girja Shankar Bajpai:** Obviously, if the Legislature in Assam undertakes legislation to establish a University of its own, automatically the Indian Universities Act in its application to the Calcutta University will be modified.

- **Dr. Sir Ziauddin Ahmad:** May I know whether the permission of the Government of India or the Governor General is necessary for such enactment?

**Sir Girja Shankar Bajpai:** My Honourable friend will appreciate that I cannot here, without looking into the Act of which I have not a copy in front of me, attempt to interpret the different implications of the Act.

#### STAFF ON LEAVE AFTER THEIR TRANSFER TO THE DEPARTMENT OF SUPPLY.

**171. \*Mr. H. M. Abdullah:** (a) Will the Honourable the Leader of the House be pleased to state the number of ministerial staff who have proceeded on leave after their transfer to the Department of Supply and the duration of such leave?

(b) Was the possibility of reversion to their permanent departments after they have consumed leave earned in this Department considered, as required under the rules?

(c) If the reply to part (b) be in the negative, what other considerations led to their retention when the department itself is temporary and the nature of work done therein most urgent?

**The Honourable Sir Muhammad Zafrullah Khan:** (a) One assistant only has been granted leave for two months and sixteen days on medical grounds.

(b) There is no such rule.

(c) Does not arise.

#### STAFF RECRUITED IN CERTAIN OFFICES.

**172. \*Mr. H. M. Abdullah:** Will the Honourable the Leader of the House be pleased to state the number of the staff recruited (chargeable against the Department of Supply) by the following offices and how many of them are Muslims:

Director of Contracts,

Indian Stores Department and its attached offices,

Controller of Supplies, Bengal Circle, and

Chief Timber Inspector?

**The Honourable Sir Muhammad Zafrullah Khan:** I lay on the table a statement giving the information asked for.

*Statement showing the number of the staff recruited in certain Offices (Chargeable against the Department of Supply) and the number of Muslims.*

Office.	Description of staff.	No. of staff recruited.	No. of Muslims	Remarks.
Director of Contracts	Officers . .	8	<i>Nil</i>	Promoted subordinates (Anglo-Indians) . . 2 British Commissioned Officers . . 5 British Civilian Purchase Officer . . 1 9, of whom 2 are Muslims, are yet to join.
	Clerks (Lower Division of the I. A. C. C.)	105	27	
	Inferior servants	24	3	
Indian Stores Department and its attached Offices.	Officers . .	7	1	A second post has been reserved for a Muslim and steps are being taken to recruit a suitable officer belonging to that community.
	Technical Subordinates.	8	1	3 Muslims under recruitment.
<i>Headquarters Office</i>	Superior staff .	123	34	16, of whom 5 are Muslims, have since left.
	Inferior staff .	37	12	5, of whom 3 are Muslims, have since left.
<i>Subordinate Office.</i>	Superior staff .	57	15	4, of whom 1 is Muslim, have since left.
	Inferior staff .	23	3	3 non-Muslims have since left.
<i>Controller of Supplies, Bengal Circle.</i>	Superior staff .	7	1	..
	Inferior staff .	2	1	..
<i>Chief Timber Inspector.</i>	Superior staff .	3	<i>Nil</i>	
	Inferior staff .	1	<i>Nil</i>	

#### RECRUITMENTS IN THE DEPARTMENT OF SUPPLY.

173. \*Mr. H. M. Abdullah: Will the Honourable the Leader of the House be pleased to enquire into the fact that most of the recruits from 1st October, 1939 to the Department of Supply belong to places within 50 miles radius of District Shahpur, Punjab, and does he propose to consider the possibility of drafting men from other Provinces?

The Honourable Sir Muhammad Zafrullah Khan: I have made enquiries and find that the allegation made in the first part of the question is not correct and the second part does not, therefore, arise, but I may add that no discrimination whatever is made either in favour of or against any particular district or province in the matter of recruitment.

**OBSERVANCE OF COMMUNAL REPRESENTATION IN CASE OF SOLDIER CLERKS EMPLOYED BY THE CIVIL (SUPPLY) DEPARTMENTS.**

†174. \***Mr. M. Ghiasuddin:** Will the Honourable the Leader of the House be pleased to state whether communal representation is observed in the case of soldier clerks employed by the Civil (Supply) Departments?

**The Honourable Sir Muhammad Zafrullah Khan:** I presume that the Honourable Member means to enquire whether soldier clerks are treated as part of the ordinary establishment when the rules for ensuring proper communal representation are under consideration. If that is his intention, the answer is in the affirmative.

**LEAVE RULES FOR WAR ESTABLISHMENT EMPLOYED BY GOVERNMENT.**

†175. \***Mr. M. Ghiasuddin:** (a) Will the Honourable the Leader of the House be pleased to state if war establishment engaged by the Government of India (including the Supply Department) are subject to the same rules in the matter of leave as the permanent establishment? If so, what leave, if any, has been enjoyed by such establishments?

(b) What measures, if any, have been taken to stop the grant of leave to such personnel in view of the emergency of war?

**The Honourable Sir Muhammad Zafrullah Khan:** (a) and (b). This question should have been addressed to the Honourable the Home Member.

**EXTENSIONS TO STAFF IN THE DEPARTMENT OF EDUCATION, HEALTH AND LANDS.**

176. \***Khan Bahadur Shaikh Fazl-i-Haq Piracha:** (a) Will the Secretary for Education, Health and Lands kindly state if his attention had been drawn to an article in the *Star of India*, dated the 2nd July, 1938, under the heading "Scandal of Extensions"?

(b) Is the allegation that Christian officers in the Department of Education, Health and Lands had been made to retire prematurely in order to give room for promotion to Hindus on extensions, correct? How many Christian officers retired prematurely, and is it a fact that in one such place so vacated (*viz.*, Assistant Secretary) a Hindu on extension of service was appointed?

(c) Is it a fact that even after the issue of this article, further extensions of services were given to some Hindus?

(d) Is it a fact that the Assistant Secretary referred to above was retired on pressure from the Finance Department? Is it a fact that he has been provided on retirement with another job—that of Assistant Secretary in the Research Fund Association?

(e) How many men are now on extensions? What are their ages and how many of them are Muslims? Does Secretary propose to grant them further extensions?

**Sir Girja Shankar Bajpai:** (a) Yes.

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† Answer to this question laid on the table, the questioner being absent.

(b) The reply to the first part of the question is in the negative. One Christian Superintendent who was 54 years of age and had put in about 35 years' service was allowed to retire at his own request in 1937. The senior Assistant in the Department who was appointed to succeed him was a Hindu who was 51 years old at the time.

(c) Yes; the one referred to in part (e) of the answer. One other short extension was given because the relieving officer was not immediately available.

(d) The reply to the first part of the question is in the negative. As regards the second part, the Government of India are not concerned with appointments made by the Indian Research Fund Association nor is their approval required.

(e) One only, a Hindu, whose age is 57 years and 4 months. The question of the grant of further extension has not yet been considered.

**Dr. Sir Ziauddin Ahmad:** How many extensions were given to the Assistant Secretary?

**Sir Girja Shankar Bajpai:** My recollection is that he was given two extensions, one for one year and one for 1½ months

**Dr. Sir Ziauddin Ahmad:** May I know how many extensions altogether were granted to different individuals in the Department of Education, Health and Lands?

**Sir Girja Shankar Bajpai:** I cannot possibly answer that question.

#### POSTPONED QUESTIONS AND ANSWERS.

##### PRICES OF PIG IRON, IRON INGOTS AND CORRUGATED IRON SHEETS.

Postponed  
on 12th  
February,  
1940.

**66. \*Dr. Sir Ziauddin Ahmad:** (a) Will the Honourable the Commerce Member be pleased to state the present selling prices of (i) pig iron, (ii) iron ingots, and (iii) corrugated iron sheets?

(b) What are the fair selling prices of these articles determined by the Iron and Steel Tariff Board?

(c) Is it not a fact that protective duties were determined on the fair selling prices, fixed by the Tariff Board?

(d) Who gets the benefit of the rise of prices?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** (a) and (b). I lay a statement on the table giving the information so far as it is available.

(c) Yes.

(d) It depends on the circumstances of the case.

*Statement showing the present market prices and the fair selling prices estimated by the Tariff Board of Pig Iron, Steel ingots and Galvanized corrugated sheets.*

Name of the article.	Present quotations. (as on 16th February 1940)		Fair selling price estimated by the Tariff Board.
	Rs. A. P.		
Pig iron (Foundry No. 1).	94 0 0	per ton f. o. r. Calcutta.	Not estimated. The article is not protected.
Pig iron (Foundry No. 2).	92 0 0	Do.	
Pig iron (Foundry No. 3).	90 0 0	Do.	
Pig iron (Foundry No. 4).	88 0 0	Do.	
Pig iron (Basic)	61 8 0	Do.	
Steel Ingots	Not available		Rs. 63 per ton f. o. r. port for billets inclusive of Excise duty.
	Tata commercial.	Others.	
Galvanized corrugated sheets :—	Rs. A. P.	Rs. A. P.	
(i) 24 Gauge (Tata I. S. D. Prime quality)	15 0 0	16 4 0	} Rs. 176 per ton f. o. r. port inclusive of Excise duty.
(ii) 22 Gauge (Tata I. S. D. Prime quality).	15 8 0	16 4 0	
(iii) 24 Gauge (British Prime quality.)	} Not available.	16 0 0	
(iv) 22 Gauge (British Prime quality.)		16 8 0	

**Dr. Sir Ziauddin Ahmad:** Has the Honourable Member himself or his office ever calculated the amount of excess profit which this company is making over and above the profit allotted to them by the Tariff Board?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** It will be calculated very soon by my Honourable colleague, the Finance Member.

**Dr. Sir Ziauddin Ahmad:** I do not unfortunately possess the same amount of material which the Honourable Member has got, but I should like to know whether he has visualised in his mind as to the manner in which the recommendations of the Tariff Board are being carried out?

(No answer.)

**Dr. Sir Ziauddin Ahmad:** I want only this simple point to be explained whether the Honourable Member or his Department has ever worked out the manner in which the recommendations of the Tariff Board are being actually carried out, whether they are getting the profits allotted to them by the Tariff Board, whether they are getting more or less?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** From time to time we are watching the effect of the protective duties on certain commodities or certain manufactures which are benefitted by the scheme of protection.

**Dr. Sir Ziauddin Ahmad:** This particular commodity is one of those?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** Yes, Sir.

#### POSTPONEMENT OF THE MEETING OF THE CENTRAL ADVISORY BOARD FOR EDUCATION.

Postponed  
from 12th  
February,  
1940.

**69. \*Dr. Sir Ziauddin Ahmad:** (a) Will the Secretary for Education, Health and Lands state if it is not a fact that the meeting of the Central Advisory Board for Education was convened for 15th January, 1940, by the Educational Commissioner to the Government of India?

(b) Why was the meeting postponed?

(c) What are the reasons for not holding any meeting of the Central Advisory Board of Education in the year 1939-40?

(d) Is the Central Advisory Board discharging the functions contemplated at the time of its reconstitution?

(e) What were the reconsiderations of the Hartog Committee about the Central Advisory Board?

**Sir Girja Shankar Bajpai:** (a) The Honourable the Chairman of the Board did decide, in October last, that a meeting of the Board should take place on the 15th and 16th January, 1940.

(b) The meeting was postponed owing to the resignation of the Ministers in the majority of the Provinces. As the Honourable Member is aware, Provincial Governments are represented on the Board by their Education Ministers and for the annual meeting of the Board it has always been considered desirable to secure the attendance of as many Ministers as possible. It is intended, however, to hold a meeting now not later than the beginning of May.

(c) The last meeting of the Board was held in December, 1938, and it was decided to hold the next meeting in January, 1940, which was near enough in point of time to retain the annual character of the meeting. Although the Board has not met since December, 1938, its investigational activities, which are carried out through sub-committees, have been fully in progress.

(d) Yes.

(e) The recommendations of the Hartog Committee with regard to the Central Advisory Board of Education will be found in Chapter XV, section 1 on its Report, a copy of which is available in the Library of the House.

**Dr. Sir Ziauddin Ahmad:** Was not any meeting of the Central Advisory Board held in the calendar year 1939, or in the financial year 1939-40?



**Sir Girja Shankar Bajpai:** My Honourable friend is a very fine mathematician and from my answer he would have gathered already that none was held in the calendar year 1939 and as regards the financial year 1939-40, it is not over yet. I cannot say whether a meeting will be held or not.

**Dr. Sir Ziauddin Ahmad:** May I deduce from this that no meeting was held in the calendar year 1939? Does he contemplate any meeting before March 1940; if not, the answer will be nil.

**Sir Girja Shankar Bajpai:** I have already said that we contemplate a meeting not later than the beginning of May. It is not possible for me at this juncture to say whether it would be feasible to hold a meeting by the end of March next. It will depend upon the state of business.

**Dr. Sir Ziauddin Ahmad:** Then the reply is "No". The Honourable gentleman said that the meeting was postponed on account of the resignation of ministries. May I deduce from that that the meetings have been postponed indefinitely because we do not know when the Congress Ministry may come back to office.

**Sir Girja Shankar Bajpai:** I have already said that we are holding a meeting not later than the beginning of May, independently of whether the ministries come back or not.

## UNSTARRED QUESTIONS AND ANSWERS.

### WORKINGS OF THE PAYMENT OF WAGES ACT ON RAILWAYS.

**33. Mr. Umar Aly Shah:** Will the Honourable Member for Labour please lay a statement of the workings of the Payment of Wages Act on the Railways showing *inter alia* the legal actions taken against the employees for delay in payments since 1st April, 1937?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** The question of publishing a Report on the working of the Payment of Wages Act on railways is under consideration. With regard to the latter part of the question, I would refer the Honourable Member to the answer given to Mr. N. M. Joshi's question No. 878, on the 9th September, 1938.

### REDUCTION OF ELECTRICITY CHARGES AT DELHI-SHAHDARA.

**34. Mr. Umar Aly Shah:** Will the Honourable Member for Labour please state the reasons for not reducing the electricity charges for the supply to consumers at Delhi-Shahdara, to the level of the charges paid by the consumers at Delhi, when the area is under the control of the Central Electricity Board?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** Honourable Member apparently refers to the Delhi Central Electric Authority, Limited, and not to the Central Electricity Board of concerned with the making of regulations and not with the Messrs. electrical energy is supplied in Delhi-Shahdara by the United Martin and Company, who at present take a bulk supply

Provinces Hydro-Electric Project. The town is within the area of supply of the Delhi Central Electric Power Authority, Limited, and it is understood that the Authority will before long be in a position to give a bulk supply from Delhi. Up to the present, conditions in Delhi-Shahdara are the same as they were before the Authority was established.

**IMPOSITION OF CIRCUMSTANCES AND PROPERTY TAX ON PERSONS SERVING UNDER THE CENTRAL GOVERNMENT BY DISTRICT BOARDS IN THE UNITED PROVINCES.**

**35. Mr. Umar Aly Shah:** (a) Will the Secretary for Education, Health and Lands please state the particulars of the notification under which the Governor General in Council has given his previous sanction for the imposition of circumstances and property tax on persons serving under the Central Government by District Boards in the United Provinces for those persons residing in rural area of those Boards?

(b) Do Government propose to instruct those Boards not to assess the pay of those persons for that tax? If not, why not?

**Sir Girja Shankar Bajpai:** (a) The imposition of a tax of the nature referred to by the Honourable Member does not require the previous sanction of the Governor General in Council.

(b) Does not arise.

**ELECTION OF MEMBERS TO THE PUBLIC ACCOUNTS COMMITTEE.**

**Mr. President** (The Honourable Sir Abdur Rahim). I have to inform the Assembly that up to 12 Noon on Thursday, the 22nd February, 1940, the time fixed for receiving nominations for the Committee on Public Accounts six nominations were received. Subsequently two Members withdrew their candidature. As the number of remaining candidates is equal to the number of vacancies, I declare the following to be duly elected to the Committee, namely:

- (1) Mr. Muhammad Azhar Ali,
- (2) Mr. J. Ramsay Scott,
- (3) Mr. Suryya Kumar Som, and
- (4) Sir Syed Raza Ali.

**THE RAILWAY BUDGET—LIST OF DEMANDS.**

**SECOND STAGE.**

**Mr. President** (The Honourable Sir Abdur Rahim): The House will now deal with the Railway Budget, Second Stage, that is, the Demands for Grants. In pursuance of the arrangement I announced yesterday, I understand that the European Group will move their cut motion No. 46. The Demand will have to be moved first.

## DEMAND NO. 1—RAILWAY BOARD.

**The Honourable Sir Andrew Olow** (Member for Railways and Communications) : Sir, I move :

"That a sum not exceeding Rs. 9,02,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1941, in respect of 'Railway Board'."

**Lieut.-Colonel Sir Henry Gidney** (Nominated Non-Official) : May I ask you, Sir, whether, after this motion is disposed of, if there is any spare time left in the time allotted to the European Group, other Members of the Party may bring up small cut motions?

**Mr. President** (The Honourable Sir Abdur Rahim) : If there is time, then the Group may move any other motion they like

**Lieut.-Colonel Sir Henry Gidney** : Thank you, Sir.

**Mr. President** (The Honourable Sir Abdur Rahim) : Motion moved :

"That a sum not exceeding Rs. 9,02,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1941, in respect of 'Railway Board'."

*Control of Capital Expenditure.*

**Mr. T. Chapman-Mortimer** (Bengal: European) : Sir, I move :

"That the demand under the head 'Railway Board' be reduced by Rs. 100."

This question of the control of capital expenditure is for the Railways, as it must be for every great industrial concern, a matter of the utmost importance, and one in respect of which any lack of vigilance will be dearly bought. The problem raises large issues, and I have no doubt that as this debate progresses, some of these will be touched upon by other Honourable Members. I, for my part, shall confine myself only to two. The first of these relates to control of expenditure in the narrow sense, that is to say, the procedure under which and the machinery through which control is exercised by the Railway Board. As I understand the position, it is broadly as follows. In so far as expenditure is on, for example, schools or dispensaries and so forth, the General Managers and Railway Agents have little or no power to sanction capital expenditure of this kind other than expenditure which might almost fall within the category of renewals that are charged to capital account. The amount which the Railways may spend on this head is in fact limited to the trifling sum of Rs. 2,000. There is, however, another and of course very much larger class since it covers all types of capital expenditure other than the small class which I have just mentioned, and in respect of this other class the Railway Agents have authority to spend on any one scheme sums up to a lakh of rupees without requiring the sanction of the Railway Board to the detailed estimates of these schemes. On the face of it it would appear that this leads to a very considerable loophole where the control of the Railway Board is in fact withdrawn. It is, therefore, necessary that we should consider in some detail, so far as we can with the limited information at our disposal, how far this procedure is sound and how far the machinery of control may be said to provide an adequate check on any tendency towards excessive expenditure on capital account likely to arise as a result of this procedure.

[Mr. T. Chapman-Mortimer]

There are four main stages at which the machinery of control plays its part. The first of these naturally is the stage where the local Railway Accounts Officers satisfy themselves as to the nature of the schemes and are also in a position to satisfy themselves as to each detail put before them; that is to say, all these schemes that come within the sum of one lakh receive the close scrutiny of these local Accounts Officers. Next is the administrative supervision that I understand now exists, but which formerly did not exist, under which the Railway Agents have to submit to the Financial Commissioner for Railways a list of all schemes involving not less than Rs. 20,000 and not more than one lakh that they are contemplating on capital account. If the Financial Commissioner is generally satisfied that these schemes seem on the face of them sound, and if he is satisfied that they are reasonably necessary, he says, "you may go ahead with these schemes and I am prepared to sanction up to X number of lakhs, which you may allocate as you wish amongst the various schemes that you have submitted." The Railway Agents may, for example, have a number of schemes which in the total come to fifteen lakhs, and the Financial Commissioner may say, "I cannot give you fifteen, but I am prepared to give you ten lakhs."

Now, the Railway Agents in such circumstances have one of two alternatives,—either they can attempt to modify all their schemes or revise them in such a way as to bring them down from fifteen lakhs, say, to ten lakhs, or they can decide, "we will go forward with some schemes and leave others for the time being." I shall refer to this point in a moment. The third stage at which the machinery of control operates is the stage where all capital expenditure involving over a lakh of rupees has to receive the specific sanction of the Financial Commissioner and, naturally through him, of the Board themselves. In such cases the total expenditure under the various heads is subject to the supervision and examination of the Financial Commissioner. No doubt the Financial Commissioner later will explain to us to what extent this scrutiny in fact takes place, that is to say, how far he goes into detail and how far he considers that it is not necessary. Lastly, Sir, the machinery of control operates at the stage when the Standing Finance Committee for Railways receives the schemes that have been approved by the Railway Board and submitted to them for their examination and approval. The question that we have to consider is whether the machinery of control that I have very briefly outlined is in all respects adequate for the task that it has to perform. On former occasions we in this Group have stressed the great importance of adequate control of expenditure,—expenditure both on revenue account and expenditure on capital account. We have also emphasised how important a part is played in that control by an effective budgetary control,—more particularly in the case of working expenditure,—not only of expenditure on revenue account but also of course the control that must be exercised by the Government over schemes of capital expenditure. Now so far as the budgetary control of expenditure on revenue account is concerned, we in this Group are satisfied that a tremendous improvement has taken place during the last three or four years. That improvement was commented upon by our Leader in his speech on another occasion and I need not say more now than to repeat what he said then, that we are satisfied that the Government and the Railway Board are doing everything they reasonably can to secure an effective control over the working expenditure of the

Railways. At the same time I must frankly say that we are far from happy over the question of the control of capital expenditure. When, for example, the sums involved are less than one lakh, we feel that here is a case that calls for further examination so as to decide as to whether or not the present position is in fact satisfactory.

Now, we all know that there are times when the Finance Member may be so comfortably well off with funds that he may say to the Railway Financial Commissioner and to the Railway Board, "I am prepared to go easy so far as my Department is concerned, and we should be prepared to see you spend much more money both on capital account and on revenue account." Now, Sir, in such circumstances, if it again arises in the near future and it may do,—I do not say it will, but it may—in such circumstances it seems to us that the present system under which the capital expenditure of Railways is controlled may lead to excessive expenditure or in some cases perhaps to wasteful expenditure. Now, Sir, I have no doubt that my Honourable friend will reply that there is no danger of this happening at present nor, so far as he can see, in the near future. He will no doubt assure us that a very strict and careful control is now being exercised. He will also tell us, I have no doubt, that the estimates of any schemes put forward for expenditure on capital account on the sole authority of Railway Agents are closely vetted by his own officers and that he is satisfied that that control is effective. But I think he will be the first to admit that no man can bind his successor and we know perfectly well what happened in the past, and it is from that aspect that I feel that we ought to consider the matter now. We know what has happened in the past and we do not want that to happen in the future. Let us assume that the Financial Commissioner for Railways and the Railway Board are absolutely determined that for the present there should be a very strict control over capital expenditure. Let us assume also that every one of his accounts officers fully realises the importance of that control and watches with the eyes of a hawk over all the details of expenditure submitted to him. With such men, I have no doubt that the policy now in force will continue; but we want to be absolutely certain that Government fully appreciate the danger that it may again happen that capital expenditure may increase unreasonably. Unfortunately, as we all know and the Government of India themselves know, the present policy of strict control has not always been pursued by the Government. In the United Kingdom, I believe, all schemes involving a capital expenditure of more than £500 have to receive the sanction of the Boards of Railway Companies. The reason for this is obvious. However expert the technical men may be, however competent the expert accountants of the Company may be, when capital expenditure is involved, there is something much bigger that has to be decided, *viz.*, the aspect of general financial policy; how that is going to be affected, for example, by the trade returns over a certain area or the trade returns over a period, and so on. All these considerations are matters which naturally and properly come before the Board of Directors who vet them, whereas at the stage when they come before the experts, be they technical experts or accountants, these men look at the scheme solely from the technical or accounting point of view.

Now, Sir, we in this Group feel that the present position in regard to procedure is not satisfactory. I am not one of those who believe that the efficiency of Railways in this country can be achieved by hampering

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Railway Agents and tying their hands in every direction. On the contrary, I think there are many ways in which Railway Agents might be freed to some extent from hampering restrictions. At the same time the consequences of wrongly conceived capital expenditure—and by “wrongly conceived” I do not mean that it is necessarily wrong in itself, but it is wrongly conceived in relation to the circumstances at that time—the consequences of wrongly conceived capital expenditure are so serious that, in common with my colleagues in this Group, I feel that the existing limit of one lakh below which the Agents have more or less unfettered control to spend as they like, is wrong in principle. We recognise that this system cannot perhaps immediately be changed and may not be susceptible to a complete change, but at least we should like to see some modification in it to the extent possibly of reducing the limit from a lakh to Rs. 50,000.

Now, Sir, the other aspect of the capital expenditure to which I should like to refer in this speech is the question of the spread of expenditure over a period. May I say at once that we in this Group perfectly recognise that in order to maintain the efficiency of the railways there are certain types of capital expenditure that must be incurred immediately the necessity arises, otherwise you allow the railways to go below the limit of efficiency that Government feel is the right limit. Naturally, therefore, in so far as that class of expenditure is concerned, we recognise that it is impossible in many cases to spread it over a period of years. At the same time, as the case of the rolling stock programme shows, it is possible to spend money over a period on a definite plan so as to even out the heights and the depths of the boom or depression.

**Dr. Sir Ziauddin Ahmad** (United Provinces Southern Divisions: Muhammadan Rural): Can you give any illustration as to what expenditure should be undertaken immediately?

**Mr. T. Chapman-Mortimer:** There may be a bridge which was swept away during floods and that may have to be replaced at once. Obviously, there are heaps of cases like that and my Honourable friend knows far better about them than I do. He is on the Committee which studies these matters. At the same time, we feel that this spread of expenditure can be brought about to some extent and I believe I am correct in saying that the Honourable the Financial Commissioner for Railways and the Railway Member themselves recognise this and are to some extent acting upon it now. In fact, they will probably be able to say they are now doing this to a very large extent; but what we do want to know now is that that is the accepted policy of the Government. We should like to be re-assured that there will be no repetition of what happened in 1924 to 1929 and that if, contrary to what my Honourable friend Sir Andrew Clow suggests, he is faced with large and growing surpluses in the coming years—I do not say for a moment that it will be so but it might be—I hope the Government of India will remember what happened on the last occasion when they had a succession of huge surpluses from the railways. I hope that they will give us their assurance that it is their policy to spread expenditure over a period in such a way as to mitigate the hardship that falls on industry and also to see that there is a curtailment of railway expenditure on the railways themselves in times of boom. Sir, I move.

**Mr. President** (The Honourable Sir Abdur Rahim): Cut motion moved:

"That the demand under the head 'Railway Board' be reduced by Rs. 100."

**Dr. Sir Ziauddin Ahmad:** Sir, I wish to discuss first the two points raised by my friend, Mr. Chapman-Mortimer, before I come to my own points. There is no doubt a standing rule that the Agents are authorised to sanction themselves an expenditure not exceeding a lakh of rupees and the Divisional Superintendents have also got similar powers of sanction delegated to them by the Agent. The thing that is missing, however, is that the maximum amount which they can spend in a year is not prescribed. It is quite possible that a very large contract may be split up into smaller contracts of less than one lakh each and in that way the sanction of the Railway Board may be avoided. Therefore, it is very desirable that rules ought to be framed by the Railway Board that, though up to a particular limit they can incur expenditure without their previous sanction, but the total amount so spent during the whole year should not exceed a certain amount. Therefore, the maximum limit ought to be prescribed. In that case, they will not be able to misuse their power of expenditure as they do now. The second point that is raised by my friend, Mr. Chapman-Mortimer, is a very important point and that relates to the supervision of the Standing Finance Committee for Railways which is under the supervision of the Legislature. We are all convinced that the supervision of the Legislature is absolutely nominal. We will have the guillotine on Monday and the time at our disposal is very limited. Formerly, we used to have four days, which has now been reduced to two, to express our grievances. After the guillotine, the whole budget will be taken as passed by this House. Therefore, our supervision is very nominal and I think there is something fundamentally wrong in it. We have got the Financial Commissioner for Railways. He, together with his colleagues of the Railway Board, discusses various matters with the Railway Agents and then he comes to certain conclusions.

The budget is prepared by the Financial Commissioner in consultation with his colleagues and the Agents and as soon as the budget is prepared, it is laid before the Standing Finance Committee for Railways. The manner in which the permission of this Committee is obtained is the same which was practised by the King of Zululand in the fourth century. Whenever he wanted the sanction of his Ministers, he invited them to a dinner in which he gave them plenty of champagne and at midnight he asked them to sanction items, which related to his luxuries. Of course, the items were sanctioned all right. Things are not so bad now as they were in the time of the King Zululand, but there is certainly some resemblance to the practices of those days. My Honourable friend gives a trip to the Members of the Standing Finance Committee for Railways to Karachi or Madras and holds the meetings of the Committee there, where they are well fed and well looked after. He pleases the members in this way and he also knows fully well that he has got the majority in his pockets. So, the sanction is given straightaway. In order to have proper supervision, we should follow the practice of the Standing Finance Committee which existed some time ago and I hope it will come into existence very soon. The meetings should be held in Delhi. All the Agents should be called before the Standing Finance Committee and they should be asked to lay their cases before them. They should prepare their own budget and place them before the Committee. Then, there is another thing which

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is fundamentally wrong. At the present moment, the Standing Finance Committee is presided over by the Financial Commissioner. It ought to be presided over by the Member for Communications. The Financial Commissioner himself prepares the budget and it is very desirable that the Chairman of the Committee which scrutinises the budget ought to be a person different from the person who is responsible for the preparation of the budget. These are the two points which I wished to mention in connection with the speech of my friend, Mr. Chapman-Mortimer.

Now, I wish to raise two points of my own on this motion. I should like to begin them by reciting a small story. The story is about the accounts prepared by an undergraduate in Oxford. The father sent this undergraduate £100 for his pocket expenses and at the end of the term he asked him to submit the account. The account that he submitted was like this. Price of one tie, 1s. price of one pair of socks, 2s. 6d.: Miscellaneous expenses, £99-16-6.

Sir, I am certain that every person who is an expert in finance will never agree to this kind of accountancy in the preparation of the budget. Of course, our accountants here are not so bad as the undergraduate of Oxford, but I think it is bad enough. Where comparative figures from *statistique internationale des chemins de Fer* all the railways in the world are given and I can present the same to my Honourable friend if he cares to have it. I have got before me the expenditure on different railways of the world divided under various heads, that is under general management, traffic, ways and works, rolling stock, traction, etc., and the last column is Miscellaneous. A good accountant can always verify that the item under miscellaneous expenditure should be as low as possible and not like that of the Oxford undergraduate. The expenditure under miscellaneous are :

	Percentage to total expenditure.
"Germany . . . . .	Nil
Belgium Northern Railways . . . . .	0.9
French State Railways . . . . .	0.5 "

Coming to the British Railways,

"Great Western Railway . . . . .	5.1
London and N. E. Railway . . . . .	3.1
London Midland and Scottish Railway . . . . .	3.8
American Railways . . . . .	1.1
South African Railways . . . . .	2.5 "

Now what do you imagine the figures would be for Indian Railways?

**An Honourable Member:** Ten.

**Dr. Sir Ziauddin Ahmad:** Go on further: In "Indian Railways it is 25.2 per cent."

I know definitely how this 25.2 was calculated. I was rather surprised myself when I studied the figures of expenditure under Miscellaneous heading in this book on general Statistics. When I read it for the first time, I certainly thought that 25.2 under Miscellaneous should be



wrong. I thought there seemed to be some mistake somewhere. Then I went through very carefully and found that 25.2 was correct because they have included depreciation fund which does not exist anywhere in the world and for which there is no appropriate column. They have put this depreciation fund under 'Miscellaneous'. I, therefore, submit, that the Government should minimise expenditure under the head 'Miscellaneous' and they should not show all kinds of items under this head. If you open the budget you will find a large number of things like these, advisory committee for railways, coal purchase, timber purchase, inspection and so on—all these come under 'Miscellaneous' expenditure as if they have come in casually for which there is no regular provision possible in the budget.

The next point is about capital expenditure and the manner in which it is spent. But before I give my own arguments, I should like to read one passage from the Retrenchment Committee's report of 1931 about capital expenditure :

"As regards estimates, there are over a dozen instances when estimates have been exceeded by over 20 per cent—we are showing these in italics in the statement in Appendix F. We would here draw special attention only to two projects the Calcutta Chord Railway which was originally estimated to cost 180 lakhs and is now estimated to cost 320 lakhs, and the Kangra valley railway which was started on an estimate of 134 lakhs and is now expected to cost nearly three crores

The total expenditure on new constructions from 1924-25 to 1930-31 is over 42 crores, and it is the interest charges on this capital and on the capital sunk on Open line works—which amounts to over 105 crores in the same period (exclusive of 15 crores for the purchase of existing lines) which have contributed to a great extent to the condition in which railways find themselves at present. We consider that this ought to be a lesson to the Railway Board for the future."

I don't know whether the Railway Board acted like a good boy, who always takes lessons from his masters or whether they acted, like a naughty boy or a naughty boy who thinks himself to be infallible, and never takes any advice from any person.

Now, coming to capital expenditure, I should like to say a few points. It is universally admitted that Indian railways are over-capitalised. The causes of over-capitalisation are many. Renewals and replacements which ought to have been paid out of the revenue account directly or through Depreciation Fund are now debited to the capital account and are paid by fresh borrowing. This system of accountancy reminds one of the story of a person who purchased a pair of shoes for 7s. 6d. and resoled it three times at a cost of 2s. 6d. each, claiming that the sole each time was better than the previous one. He then claimed 15s. as the capital value of the pair of shoes. When asked to determine the present value of his over-capitalised pair of shoes, he with a feeling of self-sacrifice expressed willingness to accept 11s. 6d. The same would happen to our Railways, if their present value is evaluated. The excess capital will be treated as bad debt and the interest will be paid by the general revenues of the country. Whether we write it off or not the burden will fall on the taxpayers of India. Whatever may have been the system of accountancy in the past, it is desirable that railways should not be saddled with unnecessary capital expenditure on which interest charges are paid. The principle in future should be that all fresh expenditures yielding income should be debited to capital account and the expenditure intended only for improvements but yielding no additional income should be paid out of the

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revenue account. This is the principle on which the future capital expenditure of the railways should be regulated.

There is no doubt that the question of capital expenditure has never been discussed on the floor of the House and this is the first time during the budget debate that the European Group has brought forward for discussion this particular item. I always insisted that it is rather unfair to pass the programme of capital expenditure by guillotine. Railway is really a commercial concern and whenever the Government borrow money for extending business, a definite Resolution ought to be tabled before the House and discussed. New expenditure to be met by fresh borrowing should be incurred after obtaining the approval of the Legislature in an explicit form. Now, Sir, this method of putting in quietly—I would use the word, stealthily—in the general budget at very end the borrowing scheme of capital expenditure and afterwards getting sanction indirectly by means of the guillotine is certainly unfair to the taxpayers and unfair to the Legislature. In the case of the general budget, I think they are at liberty to drop a programme and so on, but whenever the question of fresh borrowings comes in, whenever we want to saddle the future generations with interest charges, I think it is very desirable that the legislature and the taxpayers should know very definitely what the Government are doing. Therefore, I should like to add to the suggestion of my Honourable friend, Mr. Chapman-Mortimer, that in case of a capital programme, the sanction of the House should be obtained explicitly by means of a Resolution and it should not be included in the budget demand at all because that is not regular income and expenditure. Whenever the railways embark upon fresh borrowings for increasing their business, I think the shareholders—and in our case, shareholders mean the taxpayers—should be given the right to see whether these fresh borrowings are of legitimate character should be permitted or not.

There are a few more points, but I am afraid I have not got the time to develop those points. I should like to remind my Honourable friend who is responsible for the drawing up of the budget that he should not forget the simple arithmetic that after 1, 2 and 3, "four" comes in and that "four" should not disappear. He will say that under item 4, there used to be 'refunds' some years ago. But 'refund' is really a casual item. It does not exist every year. It can find a place under 'miscellaneous' along with the other big items. I therefore suggest the number 4 also should find a place after item 3 and my Honourable friend should not skip over item 4 and pass on to items, 5, 6, 7 and so on. He can put in Inspection under this head which used to occupy a separate heading and which is now included in Miscellaneous. As I have no further time, I cannot develop other points. With these words, I resume my seat.

**Mr. M. S. Aney** (Berar · Non-Muhammadan). Sir, I am one of those who, according to Sir Ziauddin are casually invited by the King of Zululand to a dinner and called upon to vote for the proposals which he places before us. Let me assure my Honourable friend that however much we may disagree with the present procedure, the members of the Standing Finance Committee take a good deal of pains to understand the proposals placed before them.

**Dr. Sir Ziauddin Ahmad:** I did not mean any reflection on the members of the Committee; I was only criticising the system.

**Mr. M. S. Aney:** I did not take it to be a serious reflection at all. But, as I said, they take great pains to understand the proposals and make various suggestions to improve the existing procedure which is surely unsatisfactory. The difficulty, as pointed out by Mr. Chapman-Mortimer, as regards capital expenditure, is really this that there is want of adequate control over it. The control at the initial stages to which he made reference is not, I believe, a matter to which this House can give any serious attention. The real point which concerns this House is the form in which the proposals are placed before the Standing Finance Committee. The point is that under the rules there is a limit below which the Railway Agent does not require permission to propose new schemes, that limit being one lakh of rupees. Now a salutary practice has been introduced, to call from him certain details about schemes that are above Rs. 20,000 and below a lakh of rupees. Now, we found that it was quite a common practice with Agents, even in regard to schemes costing more than one lakh, to split them into different sections and put the cost of each section as below one lakh so as not to require the sanction of the Committee and the Railway Board. By these manipulations the Standing Finance Committee and the Railway Board are not dealt with fairly, to use no stronger term, by the Agents. This practice should be stopped somehow and my personal view is that if a limit is to be placed as regards sanctioning of plans brought up by Agents, that limit should be very low and not as high as a lakh of rupees. It should not even be, as Mr. Chapman-Mortimer suggested, Rs. 50,000, but should be cut down still further. As he himself pointed out, the limit in England is £500. If in a country where the Agents are trained engineers and men with great experience the limit is only £500, I do not see why here it should be Rs. 50,000. This point should be considered seriously by the Railway Board.

Then, there is another point. I agree with Sir Ziauddin that capital expenditure is a matter which should be dealt with by this House, but, unfortunately, under the existing system, the capital programme generally comes under the guillotine. Even if it does not come under the guillotine it is such a big programme that it is impossible for this House to consider it in detail at all. So there should be a committee to seriously watch the programme of capital expenditure for the year by regularly sitting for a number of days. Before some such arrangement is made I agree that there should be a definite sanction of this House for a big amount that is to be borrowed for carrying out that programme. After all, by the adoption of capital programmes, we make commitments not for ourselves only but for future generations who will have to bear the interest charges. And when such big commitments are to be made and we want to fasten a permanent liability upon the general revenues of the country for the interest charges, it is necessary that it should be sanctioned by the House after regular discussion of the question and the expenditure involved. Therefore, Sir Ziauddin's suggestion to the Railway Board to bring forward a proposal in the form of a Resolution in this House deserves careful consideration.

It is also, unfortunately, true, that we have notorious examples of miscalculation of estimates in regard to capital expenditure. In the boom years of 1924-30 there used to be a regular programme of sanctioning 30 crores for capital expenditure on New Construction. etc. The estimates

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presented to the Committee by the experts of the Railway Board showed that each project carried an interest of something like seven per cent. minimum and they said they would be able to pay so much for interest on the capital sunk and so much for contribution to general revenues and also something for the reserve fund, and so on. It was said that everything was carefully examined by these experts and ordinary members of the Standing Finance Committee had to accept their advice; but even before the depression years had set in it was found that the projects were not yielding the revenues which were expected of them and all our anticipations were frustrated. So I submit that at the initial stage a very careful examination from the financial point of view should be made, before matters are brought before the Standing Finance Committee for sanction. It involves technical knowledge of engineering and the costs to be incurred and the Railway Board ought to have a very expert staff to go into all these details minutely and make estimates. Of course, there is bound to be some difference between an estimate and the actual expenditure, but that should be within a reasonable margin and not like what was pointed out by the Inchcape Committee where the sanction was for 130 lakhs and the actual cost was 340 lakhs. So, instead of paying these experts for their mistakes for which we have to suffer I submit that the capital expenditure should be properly controlled and an adequate staff of financial experts should be available to the Financial Commissioner and the Railway Board. They must do their work properly. I do not want to disclose any details of our deliberations at the meetings of the Standing Finance Committee here but we found that certain mistakes were committed, which even we were able to detect, in the programmes, but which escaped the attention of certain officers who were entrusted with this work of scrutinising the estimates. I can understand that in the midst of big mass of papers things might escape their notice, but anyhow they are paid for looking into all these things. For instance, we found that a type of engine was shown in the estimates as costing one lakh by the Agent while the same type was shown by another Agent to cost  $1\frac{1}{2}$  lakhs. I can understand human weakness and the possibility of error of all kinds, but there should be greater vigilance over these matters by the Railway Board itself. They cannot expect the members of the Standing Finance Committee, who are after all laymen, to exercise that kind of close financial control. The first thing required is an adequate staff of financial experts to allocate and examine all these matters from the technical and financial point of view. Secondly, the power of the Agents to sanction certain amounts themselves must be restricted.

I do not agree with Mr. Chapman-Mortimer that the limit should be Rs. 50,000: it ought to be much lower than that—I would like to suggest Rs. 20,000 for any individual scheme and the total amount for which this discretion can be used by the Agent should also be fixed for every financial year. Thirdly, there is the suggestion of my Honourable friend, Dr. Ziauddin Ahmad, that there should be some Resolution of this House sanctioning a loan for Capital expenditure before it is floated and before future generations are committed to the payment of interest thereon for a long time to come.

All these three points should be carefully considered by the Honourable Member. I whole-heartedly support the motion moved by my friend, Mr. Chapman-Mortimer.

**Mr. B. M. Stalg** (Financial Commissioner, Railways): Sir, this question of the control of capital expenditure can be considered from two standpoints, first, that of the financial rules regulating the allocation of expenditure between capital, depreciation fund and revenue, and second, the adequacy of the machinery laid down for the examination of proposals for capital expenditure prior to their sanction. If the rules regarding allocation are unsound, then the result is over-capitalization and unduly heavy interest charges; if the machinery for control is inadequate, then there may be not only over-capitalization but definitely nugatory expenditure and waste. I propose to deal with these two aspects of the question separately. My friend, Dr Ziauddin Ahmad, has alluded to the former while Mr. Chapman-Mortimer has dwelt mainly on the latter.

In regard to the rules regarding allocation, those Members of this House who were members of the Standing Finance Committee and the Public Accounts Committee in 1936 will remember the thorough examination of the rules then in force made by my predecessor, Sir Raghavendra Rau, and the proposals he then framed. I do not propose to allude to these in great detail. The important change that was then made with a view to the avoidance of over-capitalization was in the allocation as between capital and revenue, either directly or through the depreciation fund, of the cost of the replacement of assets. Up to that time on State-managed Railways the rule was that if an asset was replaced, revenue either directly or through the depreciation fund was charged only with the original cost of the asset. If the cost of replacement exceeded the cost of the original asset, the excess was charged to capital even when the replacement was simply of like by like. To take an example, if the replacement of an asset costing originally Rs 10,000 cost Rs 15,000, then Rs. 10,000 was charged to revenue or the depreciation fund, and Rs. 5,000 to capital. As the rules now stand, the whole of Rs 15,000 is charged to the depreciation fund—that is, assuming that the replacement is of like by like . . .

**Dr. Sir Ziauddin Ahmad:** Will you give me the date of this Public Accounts Committee meeting?

**Mr. B. M. Stalg:** In the summer of 1936. If, however, the new asset represents a betterment, the assessed value of the extent of betterment only is charged to capital. That was the important change in allocation then effected as between capital and revenue. Had it been in force from 1924, it has been estimated that the capital now at charge of railways would have been less by some 20 crores.

Another change in the rules then discussed related to the raising of the limit of minor works chargeable to revenue and this was examined alternatively with a proposal to create, by allocation from revenue, a betterment fund from which expenditure on improvements which were not sufficiently remunerative could be met. It was admitted that it was impracticable in the financial conditions then obtaining to add to revenue charges, but the principle was accepted by the Standing Finance Committee and the Public Accounts Committee. As the House learned in the Honourable the Communications Member's budget speech, it has now been decided that some measure of reform in this direction should be no longer postponed and that revenue should make each year a more adequate contribution than hitherto to expenditure on minor improvements and

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additions. We have, therefore, decided to raise on State-managed Railways with effect from the 1st April, 1940, the minor works limit from Rs. 2,000 to Rs. 10,000, and this is, we feel, as far as we can go at present.

In this connection, I should like to refer to certain remarks made by Mr. Aikman in his speech on the general discussion of the budget and of the Mover of this cut motion. They reminded us of the necessity for looking ahead to the slump that we anticipate will follow the present war and to the desirability of avoiding any serious curtailment then of our works programme both in the interests of the country as a whole and of railways. Government would always be anxious to avoid any unjustifiable addition to capital, but if railways prospered it might be possible,—and I mention it only as a possibility in regard to which no commitment can be made now—further to raise the minor works limit to, say, Rs. 25,000, so that, without adding unwisely to capital, works desirable, though unremunerative, could be charged to revenue on a somewhat more generous scale than in the past. Further, I need perhaps hardly say that if in the conditions then obtaining it was practicable to carry out remunerative works chargeable to capital economically every endeavour will be made to find the funds. It is, however, impossible to do more than generalize on this subject at present.

Allusion has also been made to the desirability, within the funds available, of an even distribution of expenditure over a series of years. There are, as has been recognised by my Honourable friend, the Mover, some genuinely practical difficulties in the way of this. In the last decade capital expenditure has been on such very modest lines as to render this issue hardly of any real significance. We have, however, paid regard to it, particularly in placing an order for wagons with Indian wagon supplying companies for three years. That was three years ago. We were only precluded from taking a similar course in regard to the last large order for wagons because of the uncertainties created by the international situation which prejudiced our chances of supply. I can assure the House that this question of the even spread of expenditure will not be lost sight of.

I now turn to the machinery laid down for the scrutiny of capital expenditure. For this purpose, as my Honourable friend the Mover explained, expenditure is roughly divided into two categories; (a) schemes inherent in and essential to railway working, relating to track, rolling stock, buildings, marshalling yards, etc., and (b) schemes not absolutely essential to railway operation but which it is desirable to provide, both in the interest of the railway administration and of its employees, e.g., schools, hospitals and dispensaries. In regard to the latter category, as Mr. Chapman-Mortimer has observed, powers are delegated to General Managers up to the limit of Rs. 2,000 only. In regard to rolling stock chargeable to capital and to the depreciation fund, there is no delegation of powers at all. All expenditure of that kind comes up to the Railway Board for sanction. The rolling stock programme for a particular year is submitted to the Board more than a year before the year to which it relates, and is discussed with General Managers prior to submission to the Standing Finance Committee in June of the preceding year. If further changes are made—and some changes are usually inevitable—they are

again referred to the Standing Finance Committee before the budget is presented to this House. In regard to works other than those I have already mentioned, all schemes above one lakh come up to the Railway Board for administrative approval. The programme of Civil Engineering works reaches the Board early in the financial year preceding that to which it relates, and after examination by the Board's experts is discussed with the Railway Administrations during the tour which the Chief Commissioner and I make ordinarily in the monsoon. Any points left unsettled are further discussed in correspondence with a view to finality being reached before the proposals are presented to the Standing Finance Committee at the time of framing the Budget.

In regard to schemes above five lakhs, not only is the administrative approval of the Board required, but abstract estimates have to be framed and sanctioned by the Board before work is begun. In regard to schemes above one lakh and not exceeding five, a rough estimate of cost and a justification for the work, administrative or financial, is submitted to the Board. In regard to schemes below one lakh, the Board after perusing an itemised list of works above Rs 20,000, allot a lump sum to Railways for this purpose. The sum is invariably considerably less than the demand of the railway, and the Board satisfies itself generally that the works itemised are necessary or desirable. Residences for officers require the special sanction of the Board in every case.

In this connection, I would remind Honourable Members of the remarks made by the Railway Inquiry Committee in regard to Capital expenditure in paragraph 74 of their Report. As my friends have reminded me in the course of this debate, they alluded critically to the heavy capital expenditure incurred in the period 1924-29. It was after considering these remarks that the procedure alluded by the Honourable the Mover was instituted by which an itemised list of works above Rs 20,000 is submitted to the Board. I should like, with your permission, Sir, to read to the House a portion of the further instructions we issued at that time. These were our instructions to General Managers of Railways:

"So far as works within your own financial powers are concerned, the Railway Board desire that in considering schemes the financial justification of which rests on the savings to be effected you should keep the return of ten per cent. suggested by the Committee prominently in view. They recognise, however, that neither in regard to such schemes nor in regard to schemes expected to earn additional revenue can any percentage figure of return be rigidly adopted as the sole criterion for sanction. Each scheme should receive careful examination on its merits, and the Board do not wish to fetter your discretion in the exercise of the powers delegated to you. Certain schemes, though essential or very desirable, cannot from their inherent nature show a direct return on the outlay. Where, however, this return is the predominant consideration in determining whether a scheme should be proceeded with or not, you should remember that a work which is expected to yield only a small margin of profit over and above the present rate of Government borrowing should not necessarily be regarded as remunerative. In the first place, although the present rate of Government borrowing is low, the rate at which the Railway Department has to pay interest to general revenues on capital expenditure is an average rate worked out on borrowings since 1916-17 (It amounts approximately at present to 4.75 per cent. though the effect of the reduction in the rate of Government borrowings in recent years will operate gradually to reduce it.) Secondly, there is the contingent liability to pay a contribution from Railways surplus to general revenues which under the existing convention is assessed at one per cent. of the capital—at-charge. Any addition to this capital, therefore, increases this contingent liability. Thirdly, experience has shown that partly owing to the optimism of the departments submitting the schemes and partly to unforeseen causes the realisation not infrequently falls substantially short of the estimated return. The Railway Board have little doubt that the last-

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consideration carried substantial weight with the Railway Enquiry Committee when they made their recommendation of ten per cent.

The Railway Board also desire in this connection to emphasise the position of the Chief Accounts Officer as your financial adviser. His work in this capacity is, needless to say, not the routine arithmetical check of estimates, nor the examination of the propriety of the allocation, nor the question of the authority competent to convey financial sanction (these points have, of course, also to be examined by him), but the careful scrutiny of the justification for the expenditure proposed. Even in cases where the return on the outlay is not the determining factor, it is incumbent on him to examine and offer his advice on the general merits in the spirit of a prudent individual spending his own money."

These were the instructions we issued . . . .

**Pandit Lakshmi Kanta Maitra** (Presidency Division: Non-Muham-  
madan Rural): When was it done?

**Mr. B. M. Staig:** That was in February, 1938.

**An Honourable Member:** I suppose they are being carried out.

**Mr. B. M. Staig:** I trust they are being carried out.

From the last paragraph it will be seen that the position of the Chief Accounts Officer as financial adviser has been specially emphasised; he and his staff are expected at the Railway headquarters to discharge the functions of financial scrutiny which devolve on me and my staff in respect of schemes that come before the Railway Board. I have taken repeated opportunities in tour and by letter of laying stress upon the importance of this aspect of the duties of the Chief Accounts Officers. There need not, therefore, be any serious apprehension in the mind of Honourable Members that there is no adequate financial scrutiny of schemes in respect of which financial power is delegated to railway administrations. The Chief Accounts Officer is further authorised to represent to the Railway Board in his own language any case in regard to which he has been unable to concur with the views of the General Manager. While on this point I may refer to a remark made by Mr. Aney; he alluded to a device which he suggested was adopted on Railways, namely, of splitting up an estimate or rather splitting up a large work into small works, to avoid requiring the sanction of a superior authority. We have our watch dogs both in the Accounts Department and in the Audit Department, who are expected to bring to our notice any attempt to evade the sanction of the Board when under the rules that is required. I do not think such attempts are at all frequent; in fact I cannot remember any particular case having come to my notice.

Sir, the Honourable the Mover of this cut motion has advocated a reduction of the limit of one lakh above which schemes require the administrative approval of the Railway Board to Rs. 50,000 . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member has spoken for fifteen minutes. The Chair does not know if any other Member on the Government side is going to reply to the debate. If the Honourable Member's is the main reply, he has got only five minutes more.

**The Honourable Sir Andrew Clow:** If I speak, I shall speak within the quarter of an hour or less.



**Mr. President** (The Honourable Sir Abdur Rahim): All right

**Mr. B. M. Staig:** The Honourable the Mover of this cut motion has advocated the reduction of the limit of 1 lakh above which schemes require the administrative approval of the Railway Board to Rs. 50,000. As the House is aware from a perusal of the proceedings of the Standing Finance Committee, this matter has been exercising our attention. There are not many large schemes now-a-days over one lakh to come under the special examination of the members of the Standing Finance Committee, and in regard to other schemes they can only concur or otherwise in the lump sums which are proposed to be placed at the disposal of the General Managers. They feel that they are virtually precluded from a detailed scrutiny of a large part of the expenditure proposals which it is their function to examine. It is this feeling, I think, Sir, which has given rise to the desire to reduce this limit from one lakh to Rs. 50,000.

Well, Sir, I have already explained the arrangements for financial scrutiny at the headquarters of the Railways for schemes below one lakh, and Government are somewhat apprehensive about curtailing the powers of the General Managers in this particular matter. It would be certainly a measure of centralisation, whereas the general policy is decentralisation. It might also give rise,—and I emphasised this in my remarks to the Standing Finance Committee,—to demands for additional staff the cost of which may be substantial, and it may tend to create undesirable delays. On the other hand it may prove financially advantageous in the additional scrutiny it will provide for new schemes between one lakh and Rs. 50,000. With a view to arriving at conclusions on these conflicting considerations, Government have decided that they will make an experiment on one Railway,—they have the East Indian Railway in mind,—and reduce this limit for one year, from one lakh to Rs. 50,000.

Sir, in the course of the debate an assurance has been sought that Government will not repeat the policy regarding capital expenditure pursued in the years 1924—1929. On this point, I should like to tell the House that the conditions of increased traffic now obtaining seem likely to demonstrate that much of the money then spent on open line works has been a sounder investment than it appeared to be during the years of depression and the very modest improvement in the year or two that followed them. However that may be, no Government can bind its successors in office, but we can reasonably hope that those who in due course come to fill the places now occupied by the Honourable Member for Communications and members of the Railway Board will, in embarking on new schemes, pay no less regard than we now do, to the experience gained in the last ten years and the weighty opinions recorded by the Railway Enquiry Committee regarding the cautious attitude to be adopted and the standards to be kept in view. I trust that these explanations will allay the apprehensions expressed by Honourable Members in the course of this debate.

**Mr. Muhammad Nauman** (Patna and Chota Nagpur *cum* Orissa: Muhammadan): In supporting the motion before the House, I have same feelings as I had in Simla when I was speaking on the reports of the Public Accounts Committee in September of 1939 and I stated that the control of the Railway Board is neither efficient nor sufficient. This has been brought out in the speech which the Honourable the Mover of the

[Mr. Muhammad Nauman.]

motion has delivered, and he pointed out that in the United Kingdom a limit of £500 is in vogue whereas in India it has been one lakh of rupees. Then my Honourable friend, Mr. Aney, has expressed what the feelings of the members of the Standing Finance Committee have been on this, namely, that the limit of one lakh of rupees has been abused, and that the General Managers cleverly divide the programmes and schemes in a manner that even when they involve expenditure of two or three lakhs of rupees, they separate them only to come within the limit. We have just heard and we appreciate the explanation which my Honourable friend, Mr. Staig, has given on the floor of the House as Financial Commissioner. He has certainly tried to justify the actions of the General Managers and he has read out a letter purporting to have been sent by the Railway Board to the Agents in 1938 giving instructions on the point and he feels that the General Managers have been acting according to the letter of instructions issued. We have very grave doubts as to whether the agents have complied with the instructions as desired. In the concluding portion of his speech Mr. Staig has told us that he is prepared to make an experiment by reducing the limit from one lakh to Rs. 50,000 on the East Indian Railway. I want to impress on the House that the real purpose of this motion is not only to reduce the limit from one lakh of rupees to Rs. 50,000 but actually to prescribe the limit for each General Manager for the whole year—I mean the maximum limit for capital expenditure, although the wording of the motion is not that and it may not appear to be the intention of the Honourable the Mover but all the same the House must realise that this is the feeling on the part of the elected section of the House. For every item I would go so far as to say that the limit should be the same as in the United Kingdom, or say £500 which will amount to Rs. 6,500 at the exchange rate of 1s. 6d.

**The Honourable Sir Andrew Clow:** Is that the limit of the total amount to be placed at the disposal of the General Manager for the whole year?

**Mr. Muhammad Nauman:** I mean that for each item the limit should be about £500, but the total for the year may be prescribed by the Honourable Member and the Railway Board as they think best, it may be five or six lakhs or something like that a year. I have been a member of the Standing Finance Committee for Railways for a long time and what I have noticed in the Committee is that each General Manager has been spending Rs. 80 or 70 lakhs, by dividing the items cleverly so that each item does not go to more than one lakh of rupees. My Honourable friend, Mr. Staig, said that in every case the scheme has to be prepared and a demand has to be made by the General Managers and then the Financial Commissioner gives the sanction. Supposing the General Manager makes a demand of Rs. 15 lakhs, the Financial Commissioner may, after scrutiny, sanction only Rs. 10 lakhs, but our doubt is that even when making the original demand the General Managers know only too well that it will be cut down by about one-third and so they always add an excess of one-third in the original estimate for demand. That is the point which I want to impress on the House. All these considerations have got to be borne in mind. What we have noticed is that the General Managers are behaving as autocratic kings in all matters and they do not consider themselves to be responsible at all to any person whoever he may be. They think that they can behave in any way they like. I do not want

to describe all the facts in regard to their behaviour, most of them may not be relevant on this occasion, but in this particular matter I would refer to what I said in Simla, when speaking on the reports of the Public Accounts Committee, namely, that the Auditor General himself found lot of discrepancies in Railway Audit and said that the accounts were not satisfactory, and that the control of the Railway Board was not efficient and was not sufficient. That is the impression which this side of the House as well has got. Therefore, we want to say that the powers of the General Managers in respect of each item should be reduced to somewhere between Rs. 6,000 to 10,000 at the highest, and that in a year they cannot exceed five or eight lakhs of total expenses. I am not a financial expert for Railways to offer concrete suggestions as to what should be the limit for a year but the Railway Board, in consultation with the Standing Finance Committee of the House, can decide what limit should be imposed for a year. As my Honourable friend, Dr. Sir Ziauddin Ahmad, has very rightly pointed out, that in matters of borrowing the sanction of this House must be taken by a resolution. The sanction of this House means the sanction of the people who are the real shareholders of this company. It has been said times out of number that this is a national asset worth Rs. 750 crores. What are the shareholders getting out of it except further taxation, by way of increased fare and freight, diminishing returns on their capital outlay and practically no returns, and, further, attempts are being made to sink more money without any return on that? That is the position. Who are the shareholders to whom reference should be made? It is this House alone which is competent to tell you whether you should spend this money or not, nobody else can really be responsible for that. If the members of the Railway Board have any sense of responsibility functioning as they do as board of directors they should make reference to their shareholders and then we ought to be consulted regarding the financial position, regarding everything else, because it is our finances, it tells on us, and on the finances of our future generations. I do not want to go further into the subject, but I have tried to give expression to the only thing that I wanted to place before the House and it is this that Railway Board should always act on the instructions of this House. With these remarks I take my seat.

**A few Honourable Members:** Let the question be now put.

**Sir Abdul Halim Ghuznavi** (Dacca cum Mymensingh: Muhammadan Rural): I will not take more than three minutes. After the speech of my Honourable friend, the Financial Commissioner, I had thought that there would be no other speech at all in this House and that the Honourable the Mover would withdraw his motion. But it appears that his speech has not satisfied some of us and we have heard my Honourable friend, Mr. Nauman. My experience of 14 years in the Standing Finance Committee for Railways entitles me to express what I have gathered during that experience of mine. The conditions that existed in 1924 did not exist in 1934, 1936 or 1938 or 1939. Things have completely changed. The Honourable the Mover's complaint was that there was no adequate control of the capital expenditure or other expenditure and his next complaint was, if I remember aright, that the lump sum grant of one lakh given to the Agents or General Managers is too big a sum and that it ought to be reduced. My friend, Mr. James, will bear me out that the Standing Finance Committee scrutinises every bit of expenditure and Mr. James who does it very conscientiously would not pass a single expenditure

[Sir Abdul Halim Ghuznavi]

without his being satisfied, and I must give the same credit to my Congress colleagues who have been on the Standing Finance Committee. The House can be assured that the Standing Finance Committee takes a good deal of care to see that the money is spent well and is not abused. There has been one complaint in the mind of the members of the Standing Finance Committee for a very long time and that is this. Before I mention that, I would like to make it clear here that no large expenditure is allowed to be incurred by the Agents or General Managers without the sanction of the Standing Finance Committee for Railways . . . .

**An Honourable Member:** What do you mean by "large"?

**Sir Abdul Halim Ghuznavi:** For any expenditure which is within a lakh the grant is there. The Financial Commissioner asks for an account which he submits to the Standing Finance Committee for scrutiny, so that the Finance Committee may be able to find out whether that money was spent well or not. I believe, it was in 1937, that the Financial Commissioner was requested to find out from the Agents or General Managers the money they spent within that limit of one lakh and how they spent it and to bring those matters before the Standing Finance Committee at their next meeting. My Honourable friend emphasized that when a large amount is required for capital expenditure there should be a Resolution in this House and this House is the proper authority to sanction the amount. Now, no amount can be taken by the Railway Board or the Railways without the sanction of this House.

**An Honourable Member:** There is the guillotine on the last day

**Sir Abdul Halim Ghuznavi:** Then why do you talk for hours? Then why don't you shorten your speech to the point?

**An Honourable Member:** What about yourself?

**Sir Abdul Halim Ghuznavi:** Yesterday you could have finished in half an hour but you went on with your stories after stories. You took away all the 15 minutes. Sir, I would not take more time because my friend, Sir Henry Gidney, is anxious to move his cut. I want to impress upon this House that the Honourable Members should take care whom they elect to the Standing Finance Committee. They must elect Members to the Standing Finance Committee on whom they have confidence. Elect such Members as will be able to exercise complete control. Send them to the Finance Committee as your watch dogs, so that they will be responsible to this House and they will take account of the money spent and advise as to how the money should not be spent. I hope the Honourable Member will withdraw his cut motion.

**The Honourable Sir Andrew Clow:** I will only add a very few words to what the Financial Commissioner has said. I will first deal with a suggestion made by Sir Ziauddin Ahmad. He suggested that the Standing Finance Committee would like to see the Railway Managers with a view to helping them with their work. Well, Sir, Railway Managers are busy men. They are going to be busier if the concession that Mr. Staig has announced is to become general and I shall be extremely reluctant to

take them away from their work. They have already as much as they can manage. He paid me the compliment of suggesting that I should be Chairman of the Standing Finance Committee. I would remind him that the Standing Finance Committee is part of the machinery of financial check. When the other Standing Finance Committee met, it was the Finance Member who presided over it and not the Member asking for the money, and in presiding over this Committee the Honourable the Financial Commissioner is responsible to the Finance Member and not to me. I think he will agree on reflection that that is a salutary arrangement. There is only one reason why I should like to be Chairman of the Committee and that is to find out what Mr. Nauman is doing during its proceedings, because he seems to be quite oblivious of the fact . . .

**Mr. Muhammad Nauman:** In the Finance Committee I have always pressed that the amount should be cut down to Rs. 10,000 or Rs. 15,000.

**The Honourable Sir Andrew Clow:** As regards the limit of Rs. 15,000, let me say it that I believe it would make administration almost impossible. Whatever Mr. Chapman-Mortimer put forward as a ground for cutting down this limit—and I admit there are arguments in favour of that—I think he would agree that the fault of administration in this country generally is to centralise too much rather than to decentralise and that if you put men in responsible positions you must trust them until you find them unworthy of the trust, in which case you can replace them.

**Mr. Muhammad Nauman:** What about the practice in the United Kingdom?

**The Honourable Sir Andrew Clow:** There you are dealing with a very small area. The people are on the spot at headquarters. You have not got the machinery of the Financial Commissioner there. There is, no Standing Finance Committee and there is not the detailed scrutiny that takes place in the Assembly—as to whether they appoint a Muslim Station Master or a Hindu Station Master at such and such a station. The reason why I wanted to be Chairman of the Standing Finance Committee is this. Mr. Nauman seemed to be quite oblivious of the fact that a maximum limit is fixed as to what Managers can spend. That limit is put before the Standing Finance Committee. He will find these limits in the pink books and these limits are fixed by the Financial Commissioner after considering the demands from the various Railways. I hope that the experiment we are going to make, and I view it with considerable misgiving, will satisfy the Honourable the Mover of this motion.

**Mr. T. Chapman-Mortimer:** Sir, I beg leave of the House to withdraw my motion.

**Mr. President** (The Honourable Sir Abdur Rahim): Has the Honourable Member got the leave of the House to withdraw his motion?

**Honourable Members:** Yes, yes

The motion was, by leave of the Assembly, withdrawn.

**Mr. President** (The Honourable Sir Abdur Rahim): The Chair understands that Mr. James is going to move his cut motion No. 89.

*Vagaries of the Grand Trunk Express running between Madras and Delhi.*

**Mr. F. E. James** (Madras: European): I move:

"That the demand under the head 'Railway Board' be reduced by Rs. 100."

I am sorry to descend from the sublime to the ridiculous, but in case Honourable Members of the House want to know exactly which train I am referring to, I will tell them. It is the train leaving Madras and coming north to Bezwada at a speed of 28½ miles an hour. Then, it turns rather to the West and between Bezwada and Nagpur it travels at the reckless speed of 25½ miles an hour. On the way to Nagpur it reaches Wardha where it stops for 46 minutes, which, I am credibly informed, enable the engine driver and his cleaner to visit the Sage. Leaving Wardha it takes a short turn to the right, which is understandable after having left Segoon. Then it pursues its non-violent course to Nagpur, where it pauses for breakfast, not for forty-six minutes but for about nineteen minutes, which is bound to give every European passenger taking refreshments a colic. Then between Nagpur and Itarsi it slows down by half a mile an hour and only travels at the rate of twenty-five miles an hour. At Itarsi, which it reaches in the evening, something happens

**An Honourable Member:** What is that?

**Mr. F. E. James:** I think the engine must have an epileptic fit,—for after Itarsi, it travels to Delhi at thirty-four miles an hour. Thus it takes forty-nine hours to do the trip between the two most important cities in India! If lucky, it comes in at nine o'clock in the morning. Unfortunately, luck has been out for several years past. Sometimes it is an hour late, and sometimes it is several hours late. I myself have been held up between Muttra and Delhi for hour upon hour, and have seen trains come out of Delhi,—first of all, the Great Indian Peninsula Express, then the Frontier Mail, and so on. The result is that South Indian residents get their mail usually in the evening and occasionally even on the following day. I understand that even when the train does arrive, there is the most unconscionable delay between the arrival of the train and the delivery of the mail. I have spoken about this point to Sir Gurunath Bewoor—I am sorry he is not here—more forcibly than I can possibly speak in the House. Sir, this is called "the Grand Trunk Express". It is not "grand"; it is hardly a "trunk"—if the House saw the rolling stock that they put on it, they would be surprised;—Sir, I think I have said enough to show that it is not an "express". Now, Sir, let me just say a word . . .

**Sir Abdul Halim Ghuznavi:** You may hear something about the Toofan Express!

**Mr. F. E. James:** I am now talking about the "express" between the two most important cities of India.

**Sir Abdul Halim Ghuznavi:** Calcutta is the most important city.

**Mr. F. E. James:** Calcutta is not India. Sir, the accommodation on this train is the worst possible that any Railway can imagine. The last time I travelled on it on the way up to Delhi I was travelling in a carriage—mind you, in a first-class carriage, and I am very glad to see that someone else in another place is standing up on behalf of the first-class

passengers, for they are the Harijans of the Railways now-a-days—I was travelling in a first-class carriage neither door of which could I close. On the return journey I travelled in a first-class carriage neither door of which could I open.

**An Honourable Member:** How did you get in?

**Mr. F. E. James:** Well, I had to get in and out through the windows. It took the guard, several inspectors and two of the cleaners from the engine to open the carriage door. When I got to Delhi I could not open it at all. It seems to me that every Railway Administration through which this train passes treats this train as a Cinderella; nobody wants it.

**The Honourable Sir Andrew Clow:** What about the passengers?

**Mr. F. E. James:** We did ask for a direct train between Madras and Delhi but not for what the Germans call a "Bummelzug"—not this kind of truncated, slow, meandering, extravagant eccentricity they call "the Grand Trunk Express".

Then, Sir, let me say a word also about the fares,—and here I am not speaking for myself, I am speaking for a very large South Indian community which lives in Delhi, and amongst whom are some of the most efficient and loyal servants of the Central Administration. There is no means of getting a cheap ticket between Madras and Delhi and there is no return ticket at all; they won't trust you even if you are willing to pay both fares. My experience of Delhi is, speaking as a South Indian, that we always do want to go back to Madras now and again, but it is very hard that while men from Calcutta, from Bombay, from Lahore and even from Karachi get a return ticket at a reasonable concession for a month, someone living in Madras cannot get back without paying two full fares. This is a matter which has been represented before to the Railway Administration and, of course, the usual reply received is that they much regret they are unable to do anything in the matter. Sir, why, what on earth is the use of the Railway Board if it is not able to do something in a matter which affects three railway administrations? I would like to remind the Honourable Member for Communications of the speed at which certain other trains go. Of course, there is the finest of all trains—the Frontier Mail whose speed I believe is forty-one miles an hour, but that is a luxury train, because it carries mostly persons coming up in connection with the Excess Profits Tax Bill. But take some of the more modest trains,—the Great Indian Peninsula for example. That travels the distance between Delhi and Bombay at an average speed of thirty-six miles per hour. Take some of our Madras trains. After all, we are a comparatively agricultural province, so we do not expect the luxuries and the speed which the Bombay capitalists are used to; but even our Bombay Express from Madras to Bombay can do twenty-nine and a half miles an hour.

**Mr. N. M. Joshi** (Nominated Non-Official): It comes to Bombay,—therefore, it has more speed.

**Mr. F. E. James:** Yes, but I may inform the Honourable Member that it takes less time to go back. Then take that amusing train which they call "the Blue Mountain Express". Sir, Railway Administrations are

[Mr F. E. James.]

very fond of these high-sounding titles; but they mean nothing at all. If I were to speak to you about recent accommodation on that train, I should shock some of you. Last time I travelled, I fell out of my bed in the middle of the night because it sloped the wrong way. That was a minor point. When I mentioned it to the guard, he suggested that I should sleep on the floor. But the Blue Mountain Express does its journey at an average speed of twenty-nine miles an hour and that has to climb two ghats in the course of its peregrinations. Sir, I really think the Railway Board ought to do something about the Grand Trunk Express. It is not fair to those who go about their business between Madras and Delhi and have to travel on that train. It is a disgrace to any Railway Administration in the country. Sir, what is the trouble? It cannot be with H. E. H. the Nizam through whose dominions it passes. What is the trouble? Is it jealousy on the part of the Great Indian Peninsula or reluctance on the part of the Madras and Southern Mahratta Railway to spend any money or to use anything but XB engines? I hope, Sir, that at least in this matter the Railway Board will consider the needs of the people of the oldest and most important presidency in India and the needs of the large, loyal and efficient community of South Indians in Delhi who are forced to spend, more than they ought to spend whenever they go home, but who have nothing between them and their homes but this travesty of a train.

**Mr. President** (The Honourable Sir Abdur Rahim) Cut motion moved:

"That the demand under the head 'Railway Board' be reduced by Rs. 100."

**Rao Sahib N Sivaraj** (Nominated Non-Official) Sir, I rise to support this motion. In doing so, I want to point out that Mr James I P. M. is not alone in condemning this Grand Trunk Express. In assigning reasons for its condemnation, I do not think I can improve upon the strong case that he has made against the running of this train except to point out that this train is one which does not deserve the name which has been given to it. Almost on every point Mr James has anticipated every other speaker from Madras and I wish merely to add the strength of the feeling that exists about the running of this train that arises from its speed. I am sure every passenger from Madras, irrespective of the class by which he travels or the race to which he belongs including even the running staff themselves, have condemned this train. Once a driver from Delhi was complaining as to how this train had the misfortune of being detained at a particular station for the purpose of allowing two other trains, the Frontier Mail and the Punjab Mail, to come up to Delhi. Perhaps that is one of the reasons that will explain the delay which Mr. James has pointed out. It is common knowledge that when the train reaches Itarsi, it looks as though there is no one to look after the train. I do not know what is wrong with it. In fact, it is a train which runs in the wilderness and gets down to Madras at any time it likes. The same is the case with its arrival in Delhi. We, from Madras, feel that the matter ought to be set right so far as the running of this train is concerned. As a matter of fact, most of us are obliged to come round the other way, namely, *via* Bombay.

The other point that I wish to refer to is the provision of amenities so far as this train is concerned. Even on a branch train there are more and better amenities available. For instance, every person connected with



the running of this train ought to be dissatisfied with it except probably the one lucky man, namely, the Indian refreshment room contractor, who seems to have the monopoly of the refreshments from Wardha onwards right up to Delhi. At no other place can any passenger hope to get any refreshment in time, for instance, between Bezwada and Balaisha; we cannot even get a decent bottle of aerated water. That is the position with regard to this train. I, personally, think, that the timings of the train ought to be changed. This train ought to leave Delhi some time in the morning like the Frontier Mail and reach Madras earlier and from Madras it ought to leave in the afternoon and reach here in the afternoon. With these words, I support the motion of my Honourable friend, Mr. James

**Mr. J. H. F. Raper** (Government of India: Nominated Official): Sir, this train has been a difficulty to the three Railways who operate it, right from its inception. It started with what the Railways hoped a good omen of being able to cater for a supposed heavy through traffic between Madras and Delhi and beyond, but those hopes have not been fulfilled. The amount of through traffic is very small indeed and that has caused—and I would say quite rightly—all the Railways not all of which are State-Railways to endeavour to run the train to suit the various sections over which it passes and to serve relatively short distance passengers. That has necessitated the train running at possibly slow timings, but I do not think the times are quite so slow as Mr. James suggests. The average time that he has given is, I think, 28.7 miles per hour on the Madras and Southern Mahratta. That, actually, is not really a bad time as a through average time, including halts. On the Great Indian Peninsula he gave, I think, between Itarsi and Delhi 32.2 miles per hour. Both those times do entitle the trains to call themselves Express trains. But the slow through time, as I have said, is due to some extent to the two Railways, the Madras and Southern Mahratta and the Nizam's Railways, desiring, as far as they can, to enable this train to serve the needs of their sections of the through run. Then, on account of the poor patronage of the trains, the Railways have found it necessary to improve its earning capacity by carrying as much perishable traffic as possible on it. That, to some extent, is responsible for the rather long delay at Wardha station to which my Honourable friend referred.

**Mr. F. E. James:** The passengers are also perishable.

**Mr. J. H. F. Raper:** That is true, but some of them do not perish quite so quickly as fruit. Then, again, at Wardha we have to change the engine from one end of the train to the other for the train enters and leaves in the same direction. These are some of the difficulties regarding the timings and of the halts.

The complaint regarding stock is rather a difficult one to meet. The train, as Mr. James said, is really nobody's baby. The stock belongs to the Great Indian Peninsula and the Great Indian Peninsula has no terminal station on that run.

**Mr. F. E. James:** It is not of the Great Indian Peninsula.

**Mr. J. H. F. Raper:** The main stock is of the Great Indian Peninsula. I think I am correct in saying that. There are, of course, other vehicles attached to it by other railways. This stock is cleaned at Delhi and at

[Mr. J. H. F. Raper.]

Madras and the Great Indian Peninsula Railway renews it or replaces it when it appears to be necessary. Some time ago, complaints were received but I believe none has been received of late except the one just made, and the condition of the stock, I can assure this Honourable House, will receive attention.

Regarding the fares, the fact is that there is no concession and I gather that Mr. James desires a return fare on reduced rates.

**Mr. F. E. James:** Like the one from here to Bombay and other places.

**Mr. J. H. F. Raper:** There are, unfortunately, three Railways concerned and it is a matter of difficulty to get all of them to agree to one particular thing, especially when two of them or at least one, namely, His Exalted Highness the Nizam's Guaranteed Railway, may not introduce a system of this sort generally and may decide not to do it in this case. As the suggestion has been made, it will be put to the Railways, but I cannot give any undertaking that it will be adopted.

Then, mention was made of the late arrivals in Delhi. It must be admitted that they have been extremely bad during the last two months and action is being taken promptly by the Railways to improve matters. I can only express regret that the train should have been running so badly. Unfortunately, there is not a very big gap between the arrival of the train and the postal delivery of the mails in Delhi which arrive by it. But we do hope to bring in the train punctually in future to enable the mails to be delivered regularly by the twelve o'clock delivery.

**Mr. H. A. Sathar H. Essak Sait** (West Coast and Nilgiris: Muhammadan). Speed up the train and bring the mails early.

**Mr. J. H. F. Raper:** This train must arrive in Delhi at a fixed time. The time of arrival cannot easily be changed. The convenience of Delhi main station has to be considered. There are a number of other trains arriving in the early morning. There is limited platform accommodation and there are limited numbers of reception lines and this train must fit in with the many other trains. I am afraid I cannot give much hope that the train can be brought in earlier than it is at present.

Complaint was made that there was no aerated water supply between Wardha and Balarshah. There is actually a buffet car running between Delhi and Balarshah, and the information that I have is that aerated water supply is obtainable. Now that all these points have been raised, we will endeavour to meet them and try to improve the running of the train so as to bring it in more punctually. But I cannot guarantee that its through run will be faster.

**Maulvi Muhammad Abdul Ghani** (Tirhut Division: Muhammadan). Sir, the Honourable the Mover of this cut motion has brought to the notice of the House some of the grievances and some of the bad conditions of the travelling public on the Grand Trunk Express. I want to add one more grievance so far as catering arrangements are concerned. Those who take meals in the restaurant car and are accustomed to meat are not supplied with *halal* meat. I understand that there is provision to supply only *jatka* meat which is forbidden for the Muslims.

**An Honourable Member:** Why not become vegetarians?

**Maulvi Muhammad Abdul Ghani:** My friend wants the Muslims to become vegetarians because we cannot get proper meat on the railways. In order to travel on the Grand Trunk Express, we do not want to give up our life long requirement and reduce our convenience. I hope the Railway Board will take this point into consideration and cater to the convenience of the Muslim passengers.

**Mr. President** (The Honourable Sir Abdur Rahim): The question is—  
“That the demand under the head ‘Railway Board’ be reduced by Rs 100.”

The Assembly divided:

#### AYES 34.

Abdul Ghani, Maulvi Muhammad.  
Abdullah, Mr. H. M.  
Abdur Rasheed Chaudhury, Maulvi.  
Aikman, Mr. A.  
Aney, Mr. M. S.  
Azhar Ali, Mr. Muhammad.  
Bhutto, Mr. Nabi Baksh Illahi  
Baksh.  
Boyle, Mr. J. D.  
Buss, Mr. L. C.  
Chapman-Mortimer, Mr. T.  
Chettiar, Dr. Rajah Sir S. R. M.  
Annamalai.  
DeSouza, Dr. F. X.  
Essak Sait, Mr. H. A. Sathar H.  
Fazl-i-Haq Piracha, Khan Bahadur  
Shaikh.  
Ghulam Bhik Nairang, Syed.  
Gidney, Lieut.-Colonel Sir Henry.  
Griffiths, Mr. P. J.

Habibur Rahman, Dr.  
James, Mr. F. E.  
Lalchand Navalrai, Mr.  
Ma'tra, Pandit Lakshmi Kanta  
Malaviya, Pandit Krishna Kant.  
Miller, Mr. C. C.  
Muazzam Sahib Bahadur, Mr.  
Muhammad.  
Nauman, Mr. Muhammad.  
Parma Nand, Bhai.  
Raza Ali, Sir Syed.  
Sant Singh, Sardar  
Scott, Mr. J. Ramsay  
Siddique Ali Khan, Khan Bahadur  
Nawab.  
Sivaraj, Rao Sahib N.  
Umar Aly Shah, Mr.  
Zafar Ali Khan, Maulana.  
Ziauddin Ahmad, Dr. Sir.

#### NOES 32.

Abdul Hamid, Khan Bahadur Sir.  
Abdul Hamid, Khan Sahib Shaikh.  
Ahmad Nawaz Khan, Major Nawab  
Sir.  
Bajpai, Sir Girja Shankar.  
Caroe, Mr. O. K.  
Chambers, Mr. S. P.  
Clow, The Honourable Sir Andrew.  
Dalal, Dr. R. D.  
Dalpat Singh, Sardar Bahadur  
Captain.  
Dumasia, Mr. N. M.  
Ghuznavi, Sir Abdul Halim.  
Ismail Ali Khan, Kunwar Hajee.  
Jawahar Singh, Sardar Bahadur  
Sardar Sir.  
Kamaluddin Ahmed, Shams-ul-Ulema.  
Khan, Mr. N. M.  
Kuehalpal Singh, Raja Bahadur.  
Lillie, Mr. C. J. W.

Mackeown, Mr. J. A.  
Maxwell, The Honourable Sir  
Reginald.  
Mudaliar, The Honourable Diwan  
Bahadur Sir A. Ramaswami.  
Oulsnam, Mr. S. H. Y.  
Pillay, Mr. T. S. S.  
Rahman, Lieut.-Col. M. A.  
Raisman, The Honourable Sir  
Jeremy.  
Raper, Mr. J. H. F.  
Sen, Rai Bahadur G. C.  
Shahban, Mian Ghulam Kadir  
Muhammad.  
Sheehy, Mr. J. F.  
Sher Muhammad Khan, Captain  
Sardar Sir.  
Singh, Raja Devaki Nandan Prasad.  
Spence, Sir George.  
Staig, Mr. B. M.

The motion was adopted.

The Assembly then adjourned for Lunch till Half Past Two of the Clock.

The Assembly re-assembled after Lunch at Half Past Two of the Clock, Dr Sir Ziauddin Ahmad, one of the Panel of Chairmen, in the Chair.

*Increase of Freights.*

**Mr. M. S. Aney:** Sir, I move:

"That the demand under the head 'Railway Board' be reduced by Rs 100."

I may here have your permission to discuss the question of freights and fares together, although my cut specially refers to freights, the arguments I shall advance are to some extent applicable to rates also, and so the other cut motion standing in my name, No 7, will not be moved by me separately.

We have to some extent discussed this question during the general discussion of the Railway Budget because that was the most important part of the proposals placed before us. My object in bringing this motion now particularly is this: in the case of the Railway Budget there is one difficulty. We have here generally the items of expenditure placed for our vote in the form of Demands for Grants, but if there are any taxation proposals they come along with the receipts side, and so a separate vote on these taxation proposals cannot be given at all. So, the only way in which we can raise that question and call upon this House to record its definite verdict on them is by moving some kind of token cut like this. Therefore, Sir, although an indication of the views of those Members who participated in the general discussion of the Railway Budget is known to this House, the opinion of this House as a whole on the proposed enhanced taxation could not be properly expressed unless some such motion is brought before the House. My object in bringing this motion is to give an opportunity to this House to express its definite opinion upon the very drastic proposals of taxation which have been placed before us, and on which the Railway Budget estimates are based.

The Honourable Member for Communications, Sir Andrew Clow, when he was categorically interrogated by some Members of this House that he had failed to give any reasons for these proposals, repeatedly drew the attention of the House to certain paragraphs of his speech and said that he had given the reasons there. It is true his reasons are there; but what the Members on this side want to convey to the Honourable Member is that those reasons do not seem to them very sound or convincing. After all, what are the reasons he has given us for the sake of having these additional proposals for enhanced taxation? They are two mainly. One is that he wants to make a little saving which he calls by the name of building up a reserve fund: he says these are days of prosperity and, therefore, 'let me save something'. This saving is described by him as an attempt to build up a reserve fund. The second reason is that he wants to help his friend, the Finance Member. He says he wants to pay off his obligations arising out of the Convention to the tune of four crores odd, as has been mentioned there. These are his two reasons. I submit that at no time has any Member ever come before this House seriously asking the Members of this House to pay more because he wants to make a little saving—not that he really wants money because he cannot carry on the business—he admits that if he relies on the normal expansion of traffic on account of war conditions now prevailing, he can make something like three crores more than his ordinary needs . . . . .

**The Honourable Sir Andrew Clow:** No, no. I do not admit anything of the kind.

**Mr. M. S. Aney:** This is what I understand from his statement. He says in this paragraph:

"If the railway rates were to remain at their present level, we anticipate that the surplus in 1940-41 would amount to about three crores."

That is exactly what I wanted to convey by the observations I have made. If he can rely upon the normal expansion of traffic, he is likely to get something like a surplus of three crores more, but in order . . . .

**The Honourable Sir Andrew Clow:** Not three crores more 75 lakhs more than the estimates

**Mr. M. S. Aney:** I am not talking of how much it is more than last year. I am only saying that you are likely to have a surplus of three crores with you. That is what you say. But you really want a bigger surplus than that: you want a surplus of eight crores and, therefore, for the sake of getting five crores more, you are putting forward these proposals. That is the position here. It cannot mean anything else. This is what he plainly means. He wants five crores more to cover the extra burden to fulfil his obligations to pay one per cent of the capital-at-charge as well as to build up his reserve fund. Now, let us see exactly what this burden amounts to really. The magnitude of the taxation that is going to be imposed upon us cannot be properly visualised when things are put before us in this mispud manner, but when we look at them in a comparative way and compare the revenue he wants to make this year with the averages for the past 15 years, we shall be able to realise what it is he is going to do and what a crushing burden it is likely to impose upon us on account of his new proposals. For that reason I propose to draw the attention of the House to certain figures which I have collected from the Explanatory Memorandum and the Railway Report which has been supplied to us. I am only placing the figures of gross receipts, earnings both from passenger and goods traffic, before this House, so that Honourable Members may know where exactly we stand. The first quinquennium after the separation Convention was introduced will begin with the year 1924-25 and end with the year 1929-30. Now, the average total earnings in that quinquennium comes to 101 crores 22 lakhs, but this evidently includes earnings from Burma Railways also. If 478 lakhs are excluded, the average earnings will come to 96 crores 44 lakhs. That will be the average for the first quinquennium. Remember, this is the period which contained the peak years for the Railways. During this period they made the largest earnings which amounted to 103 crores and several lakhs, in the years 1928-29 and 1929-30. If we exclude the Burma Railways, the average for that quinquennium comes to 96.44 crores. Now, let us take the second quinquennium which begins from 1930-31 and ends with 1934-35. Here the average will come to about 88.60 crores including the earnings from the Burma Railways. If we deduct from that figure the Burma Railway receipts, the average will come to 84.87 crores. This refers to the second quinquennium. Evidently this was a period of depression; we know that. Now, we come to the third period. The third quinquennium has begun from 1935-36 and will end in 1939-40, but as 1939-40 is not yet a complete year, I will take figures for four years for which we have a complete account, that is to say, 1935-36 to 1938-39. When I make a calculation I see that 92.5 crores is the average for these

[Mr. M. S. Aney.]

four years, but if we include the figure of the revised estimates for the year 1939-40 and make a calculation to find out the average for the whole quinquennium, it will come to 93.4 crores average for the past five years. I am giving these figures in averages for this reason; that when you are thinking of imposing additional taxation, it is better that you do not take a view of what we have gained immediately in the preceding year but you should take a general view of the financial position for certain years in the past, in a comparative way to make a guess for an estimate for some years to come. It is better that you should have some general idea of that kind.

Now, what is the Honourable Member aiming at? What he is aiming at is to get 103 crores. It means a rise of something like ten crores on the average of the last five years. If we go by the averages instead of going by the figures of the revised estimates which he has given for past year, if we go by the average we have for the quinquennium, it means the Honourable Member is trying to get ten crores more from Railway Receipts. The estimated receipts rise to 103 crores from 93 crores, the average for the last five years, which is nearly ten crores more, and this, I say, amounts to more than 11 per cent rise. That is what he is trying to get. Naturally, he gets so much because in the goods traffic he has really imposed an enhancement which, according to him, comes to about 12½ per cent. over the prevailing level of freights. That is what he is imposing, and he will actually get an increase of 11 per cent. over the average of the last quinquennium. In no year during the last 15 years did the Railway receipts come to 103 crores. Even in the years 1927-28, and 1928-29 the gross earnings excluding receipts from Burma lines were only 98.40 and 98.78 crores. Sir, I submit this is a very crushing taxation which is being imposed on the people of this country. It cannot be supposed that the burden of five crores can be lightly borne by the people or that it will not have any adverse effects at all. The estimates for the year 1940-41 break all previous record of railway earnings by five crores. That is a matter which this House should seriously consider before giving its assent to the drastic proposals made by the Honourable Member.

Now, Sir, another point which I want this House to consider seriously is this. What will be the effect of proposals like that upon the income of the Railways. I believe my friends are well aware of the strain under which the Railway Administrations are carrying on their work in order to counteract the evil effects produced by motor competition. Chapter IV of this Report devotes considerable attention in a number of pages to giving detailed information as to the steps which different Railway Administrations have been taking in the year 1938-39, and the manner in which reference has been made to these steps indicates that the Railway Agents and officers in charge of the different Railway Administrations are feeling that they have to make a strenuous effort to prevent the diversion of their traffic to motor-lorries and to keep their earnings safe and to be free from the evil effects of the motor competition. It is in paragraph 60, at page 61 of this Report, under the Heading, Road motor competition. There are many details of the steps taken by different Railway Administrations given; but I shall refer only to a few passages here and there:

"The railways continued to make efforts to combat road competition. Brief particulars of the measures taken in this respect by some of the principal railways are given below."

Then come the name of each railway and the detailed steps taken by them. I will not take the time of the House by reading out each of the steps which they have taken, but I am sure that they have devoted a considerable number of pages for a detailed description of it because they realised the importance of the subject and the difficulties to which they are put on account of this competition:

"Competition for goods traffic showed signs of increase during the year particularly in the United Provinces and Bengal and in respect of long distance through traffic to and from the Punjab. The introduction of reduced rates between various centres and improvement of transport facilities, where possible, was actively resorted to, with varying results"

These steps that they have taken in various places are showing results about which they are not yet certain as to whether by those measures they will certainly be able to put a check to those evils. I will now refer to the North Western Railway:

"Special rates based on 20 per cent less than the ordinary 4th class rates have been introduced for cotton (raw), full-pressed, from certain stations on this railway to Delhi, Delhi-Kishanganj, Subzimandi, Ujhami. A number of special rates from and to certain stations on this railway have also been quoted in competition with road transport, for flour, grain, pulse and seeds common, tobacco, tea, earthenware, fruits dried, vegetable ghee or vegetable oil solidified, etc."

I am not reading the whole of these things. There are many references here which indicate that the competition is not merely confined to passenger traffic. It has also extended to goods traffic in many cases and they are finding it difficult to be free from the effects of that competition and strenuous efforts are being made. One of the ways in which they are making those efforts is by trying to reduce the freight which they have been charging upon goods for long distance. Now, the administrations in their own places are making every effort to reduce the rates and somehow control the traffic and keep it to themselves, but here the Honourable the Communications Member today is coming forward with proposals which mean an increase of a flat rate of two annas in the rupee in the freight that he is charging upon the goods. I really feel that he is not introducing these proposals under auspicious conditions. On the other hand, they will give a fillip to the motor competition in carrying goods also over long distances. That is a point the net result of which the Honourable Member has not been able to comprehend.

**Mr. Chairman** (Dr. Sir Ziauddin Ahmad). The Honourable Member has one minute more.

**Mr. M. S. Aney**: I will bring to the notice of the House the nature of the criticism which has been made by those who are competent to know about these matters of trade and commerce:

"The increase in railway freight will greatly affect the cotton merchants of this province as the cotton crop moves from November to May-June. During this period the entire crop is sold and nearly half of the crop is still lying undelivered . . ."

This is the complaint that has been made by the Indian Chamber of Commerce, Lahore, and it shows that they at least feel certain that it is bound to affect the cotton merchants very seriously. That opinion is shared by other chambers also.

**Mr. Chairman** (Dr. Sir Ziauddin Ahmad): The Honourable Member's time is up.

**Mr. M. S. Aney:** I shall draw the attention of the House to a very strong article that has appeared today in the *Statesman* and there is at least one small paragraph to which I shall invite the attention of the Honourable Member for Railways categorically. It is a very important point which is raised in this article:

"Does any one suppose that such a vicious lead from the Government can fail to be followed? If the vast State railway enterprise puts up its prices inevitably the price of goods transported will be raised to the consumer (*That is a very important point from the moral point of view.*) The cost of living will receive an impetus to a general rise. It may not be a very large rise to begin with but the movement will not stop, every one will soon feel a grievance and there will be a general demand for increases in salaries and wages.

If the railways were losing money they would have to increase their charges and the public would have to accept the fact. But no such valid reason is or can be offered. The railways are doing well and expect to do better. It is sheer gratuitous inflation. The public is told that the Railway Board means to make hay while the sun is shining and not content with additional war prosperity is out, as Sir Henry Gidney unanswerably argues, to profiteer and set aside reserves for some future date when a slump may be encountered."

What does an enhancement really mean? They find that there are war conditions, the traffic is increasing, and the railway administration thinks, why should they also not make a little more profit like any man in the street who wants to make it. A direct incentive to profiteering, encouragement to profiteering is being given by the State whose business it is to see that undue profiteering is not resorted to in the country at a time like this. This is the most important aspect of the taxation which the Honourable Member should bear in mind.

**Mr. Chairman** (Dr Sir Ziauddin Ahmad). The Honourable Member's time is up.

**Mr. M. S. Aney:** As my time is up I must wind up my remarks. I say that railways are considered as a national asset. We are told that we should feel proud of it, but if this national asset does not look to the national requirements, but on the other hand, in defiance of these urgent national requirements goes on increasing its demands on the people in the form of increased rates and fares, there will be greater discontent and nothing else is a greater calamity to the Government than the increase in the volume of discontent at a time when it is fighting a big enemy outside and when it will have to rely sooner or later upon the active support of this country. These measures are bound to increase the volume of discontent and I am very sorry that the Honourable Member is not taking into account the political consequences of a measure like this. I would have developed that point at some length but my time is up. This political aspect of the question ought not to have been lost sight of in the greed for taking a few crores more. With these observations I move my motion for the approval of the House.

**Mr. Chairman** (Dr Sir Ziauddin Ahmad): Cut motion moved:

"That the demand under the head 'Railway Board' be reduced by Rs. 100."

**Sir Abdul Halim Ghuznavi:** Mr. Chairman, the large volume of opposition to raising the rates and fares is due to the fact that we have found that whenever the rates have been increased they have come to stay. The



rates were raised in 1933, but even when good times came,—as the Honourable the Communications Member has said that he had been making a profit of 3·6 per cent. for ten years and over four per cent. for the last three years—the rates were where they were before. That is the main grievance. Then, as my Honourable friend, the Leader of the Congress Nationalist Party, has pointed out, there are the political grounds, and on political grounds this increase is objectionable. You are setting an example to others to profiteer, to take advantage of the position. I will only deal with one matter, and that is the raising of the freight on coal. The Chief Commissioner for Railways has said :

“Two annas in the rupee on the total freight, including terminals and other such charges, on all consignments of goods traffic, excluding coal, coke, patent fuel, ”

I am taking only coal Then he goes on to say :

“The existing surcharge on coal, coke and patent fuel to be increased from 12½ per cent. with a maximum of Re. 1 per ton to 15 per cent without a maximum—the rates prevailing in April, 1935 ”

Sir, what does this mean? I will read the two speeches first and then  
 3 P.M. I will begin commenting This is what the Chief Commissioner has said and then the Railway Member said :

“In respect of coal we propose to raise from 1st March the existing surcharge from 12½ per cent to 15 per cent and to remove the maximum at present imposed on this surcharge and from 1st November next to raise the surcharge to 20 per cent ”

This means that although the price of coal has not gone up owing to the war, which I shall show here on the floor of the House, very clearly, they are adding a cost of 12½ per cent. that is, two annas per ton, and they are going to raise it to 15 per cent and from October to 20 per cent. The privilege that the coal in Bengal and Bihar was enjoying, namely, the maximum of one rupee, is to be removed. Therefore, the Bengal and Bihar collieries will suffer much more than the other collieries. The maximum is removed. You have to pay 15 per cent and then later on 20 per cent. What does that amount to—at least three annas per ton. On top of that the colliery owners have got to pay another two annas per ton under the Stowing Act. I doubt very much if the colliery owners will make even five annas profit on the sale of their coal per ton and this happens at a time when the coal trade has not yet recovered from the depression. Before I take up what the Indian Mining Federation has said about this increase, I would place before this House what the Honourable the Communications Member said about the Government's purchase of coal this year. He says .

“The increase in the total figure is mainly due to the higher prices which we are likely to pay for materials . . . .”

He then goes on to say .

“To take one item in which the House is generally interested, the contracts for State-managed lines placed with private colliery owners for next year's supplies are for a sum of Rs. 104½ lakhs which is 14 lakhs more than the contracts for the current year and represent an increase in quantity of nearly 400,000 tons.”

**The Honourable Sir Andrew Clow:** I do not think the Honourable Member has read the sentence completely. In the first sentence I said the increase is mainly due to the higher prices we are likely to pay for materials . . . .

**Sir Abdul Halim Ghuznavi:** I will read it again to make my point clear. The Railway Member said this. To take one item. First of all he mentioned that the general increase was due to higher prices.

**The Honourable Sir Andrew Clow:** Quite right.

**Sir Abdul Halim Ghuznavi:** Then he says. To take one item. Am I correct now?

**The Honourable Sir Andrew Clow:** I think there is a passage in between which the Honourable Member is omitting, which alters the sense. What I said in the middle was this "but the increased traffic for which we have budgeted funds, of course, a reflection in expenditure in various directions". Then I said. "To take one item".

**Sir Abdul Halim Ghuznavi:** Let me make my point clear. You are taking this as one instance. Am I correct now?

**The Honourable Sir Andrew Clow:** An instance of increased expenditure but not one item arising out of the prices of materials.

**Mr. Chairman (Dr Sir Ziauddin Ahmad):** You do not want a certificate from the Honourable Member. You had better address the Chair.

**Sir Abdul Halim Ghuznavi:** Sir, the Railway Member said

"To take one item in which the House is generally interested, the contracts for State-managed lines placed with private colliery owners for next year's supplies are for a sum of Rs. 104½ lakhs which is 14 lakhs more than the contracts for the current year and represent an increase in quantity of nearly 400,000 tons. The figure of 2,800,000 tons to be purchased from the market is the largest for 17 years

We contemplate," etc., etc.

When one reads this without knowing fully, one feels how generous the Railways have been to the private colliery owners. A very wrong impression is given to this House. They have not at all been generous. I will tell you what they have done. They have been taking advantage of the low prices of coal. That is what they have done—28 lakhs of tons to be purchased, which is the largest for 17 years. Yes. Because they got the cheap coal this year they had to buy more and keep in stock. They will not get it cheap later on and their own raising will not give them coal at that price. They will have to pay higher prices for their own raising. They have got these poor colliery owners to give them at cheap rate and on top of that they now put on a surcharge, *plus* the charges on account of the Stowing Act,—the additional surcharge by removing the maximum. That is the treatment they are according to the colliery owners for their kindness in giving them cheap coal. Now, Sir, the Mining Federation says that their committee deeply deplore that the burden on the coal trade has been increased from a temporary surcharge of 12½ per cent. to a permanent surcharge of 20 per cent. The other day when I was addressing this House I pointed out the advantage that the Honourable the Communications Member has offered to those who want to buy coal for industries—they can take the advantage of 15 per cent surcharge and save the five per cent. for the stock of coal that they buy in the slack season. My answer to that was that the small industries do not know what their requirements will be in the next six months or one year or next year. that they have not got sufficient capital to pay for the coal for one year ahead and they have not

got the space to store the coal in their yards. Railways can do it. With State money they can buy for years ahead and pay for it. Others who can afford can buy and store it for the year, but what about the small industries? You are handicapping them. You are forcing them to lose money because they have to pay a higher price for the coal which they may require.

**Mr. Chairman** (Dr Sir Ziauddin Ahmad). The Honourable Member has only one minute more.

**Sir Abdul Halim Ghuznavi**: Sir, I shall take only two minutes to read out the sentence.

"My Committee are of the opinion that extremely unmerited hardship will be caused to the coal trade and industry as a result of the proposed increase in railway freight which will inevitably be passed on to the shoulders of this trade by consumers as has practically happened in almost every instance whenever any addition has been made to the railway freight in any shape or form. The Government are aware of the fact that the coal industry, unlike any other industry, has borne the surcharge of 15 per cent (reduced to 12½ per cent from April 1, 1935) since 1932, and this industry has had to pass through a prolonged slump ever since 1925 and recovered from it for a short period in 1937 immediately after which it relapsed into the same precarious position as before. It may be assumed by those who have no inside knowledge of the coal trade that its conditions have improved as a result of the war. But such assumption is far from correct. The slight increase has been more than counterbalanced by additions to the cost of production. Incidentally"—the Committee point out—"by far the biggest consumers of coal, namely, the Railways, have not in their recent purchases, paid this year any higher price for their coal than last year; on the contrary, the Committee understand that the average price paid has been lower than that of last year."

Sir, I appeal to the Honourable the Communications Member to reconsider his decision so far, at any rate, as coal is concerned.

**Mr. Muhammad Nauman**: Sir, speaking on this motion relating to the increase in freight I would be failing in my duty if I did not mention or reiterate the views which have already been expressed on the floor of this House and on the floor of the Council of State during general discussion on the Railway Budget. Sir, the feeling of discontent which has been created in the minds of the people concerned, from Cape Comorin to Peshawar, from the humblest man in the street to the biggest financier in the country, does not require probably any further elucidation or reiteration of those facts. The Government, I believe, are aware of the agitation, of the concern which people feel at the proposal which the Government of India have made. The whole country seems to be agitated and has received the proposal with a feeling of surprise and regret. Honourable Members must have noticed this feeling in the speeches of my Honourable friends in this House and also of the Council of State. Even a nominated Member like the Honourable Sir A. P. Patro, whose speech has appeared in the papers today, criticised the Government's attitude in very strong terms, and then we have all seen the opinions of the different trade organisations and Chambers of Commerce which have appeared in the papers and I believe the Honourable Member for Railways, Sir Andrew Clow, must be in possession of hundreds of telegrams from different organisations protesting against this particular proposal of his. I hold here at least a few of them in my hands and I will first read out a telegram from Rohtak:

"Freight rates enhancement will adversely affect Muslim traders. Muslim Cattle Dealers Association."

[Mr. Muhammad Nauman.]

Then I shall read out another telegram from Calcutta from the Skins and Hides Traders Association of which I am the president:

"Skins and Hides Traders Association members feel very much concerned at proposal of increase of twelve and a half per cent freight will very much adversely affect Muslim merchants and tanners all over India "

Then, Sir, I have also telegrams from Muslim Chambers of Commerce, from Patna, Calcutta and from many other Associations and I have seen certain telegrams which have appeared in the press which are addressed to the Government of India from the Sugar Syndicate and Syndicates of other industrialists and I think they must have convinced the Government of India that the feelings of the people are certainly very much against it. As I stated that from the humblest man in the street to the biggest financier there is a feeling of protest and opposition I think the tax-payers do not feel that it is at all the right time when any such additional burden should have been imposed on them. This is one instance in which I have seen that even in the case of a surplus Railway Budget the Government want to build up a reserve and have come out with a proposal for increased taxation on the people. I do not know whether any other instance can be quoted. I think if that was the method of improving the budget, then it was more necessary in the years past and the predecessor of the Honourable Member in charge of Railways would have had probably better justification of bringing in that sort of proposal at that time, but they thought that this would not be in keeping with the real spirit of nationalisation of Railways and did not suit the real conditions of this country. The argument put forward in defence by Government that a surplus has to be built up when traffic is on the increase can hardly appeal to anybody. Even when the Railway Budget was a deficit one as I have stated this was not considered to be a feasible proposition, and now, when it is a surplus Budget, to try to bring it up from three crores to eight crores and odds is something which probably I should not think have been at all considered equitable. We find, Sir, that no effort is made to use economy. On the expenses side, the expenses have increased. That may be consequent on war conditions or it may be for other reasons, but we find that the total expenditure is about 582 lakhs. No substantial effort has been made to decrease that amount. No effort has been made to use economy in the general working of the Railways but every effort is made to see that the so-called shareholders of a national company of 750 crores do not get anything out of it; rather the so-called shareholders feel that the managing agents, the Railway Board, are anxious to rob the shareholders of the same company of which we are considered to be the shareholders. Sir, the Railways are said to be our national assets worth about 750 crores of rupees and the shareholders, who in this case are the Indian taxpayers, instead of getting any dividends, are being penalized by a sort of forfeiture of their share money and over and above that there are further calls being made upon them on behalf of a bankrupt company whose liabilities are probably unlimited.

Sir, the Honourable Member in his speech stated that we can express satisfaction that we are getting about a four per cent. dividend. Of course, he thinks so but he is not considering what amounts the general Budget had to provide for in the previous years. If these figures are taken into consideration, I should hardly think that this statement is based on as good mathematics as it should have been expected. What I feel is that we, by buying this Railway company for such a huge amount of 750 crores, should not stand to be penalized for it. We feel that although the Railways have

to be run on commercial lines, yet they have to be run on first of all the real consideration of national lines,—as this is called our national asset, and the chief consideration is to be given to the capacity of the country itself. I do not know whether the Honourable Member has at all examined the position how adversely it will affect the industries of this country. In a country like India which is so large in area and where trade centres and ports are so distantly distributed, unless the railway freight is comparatively low, probably we cannot expect to improve our industry and compete with other parts of the world in our export trade or even in our inland trade.

This is the time when we can expect that our finished goods will be able to compete with other countries of the world, such as Japan and those other countries which are not involved in this war, particularly because it gives us certain advantages of preparing our finished goods. With this increase in the freight rates, however, we will probably not be in the same position as we would otherwise have been for competition with those few countries which may be left out of the war and with whom we will have to compete. This is the position which I want to impress upon the House. I think the Honourable Member is fully aware of the situation and knows the feelings of the people and would probably be prepared to revise his proposals and accept the views of this House which voices the feelings of the people of this country. We strongly protest against any increase in the freight policy of the Government of India as he proposes to do from the 1st of March, 1940. Of course, when I speak of the freight I also naturally mean the fares of the passengers as well, as I have used the word humblest man in the street, in the opening part of my speech.

**Mr. Lalchand Navalrai** (Sind: Non-Muhammadan Rural) On a point of order, Sir. I find that the cut under discussion refers to freights and the expression used by the Honourable Member for Communications throughout his Budget speech is 'rates and fares'. I would like to know whether both the words come under the category of 'freight'. The practice on the Railways is that by the word 'freight' is meant the money that is paid for the carriage of goods and the money that is paid for the purchase of tickets is called 'fares'. Are we to understand that the word 'freight' includes both? I would very much wish that it was so.

**Mr. Chairman** (Dr. Sir Ziauddin Ahmad) In technical terms, the transport charges on goods are called "rates" and the transport charges on passengers are called "fares", but in popular language the word "freight" includes both.

**Mr. Muhammad Nauman:** So, the ruling of the Chair is that for purposes of debate we can also include 'fares' in freights. Up to now I have been referring to freight chiefly. With regard to the fares also we feel that it will be really very hard for a third class passenger, particularly, to have to pay one anna extra on every one rupee. The reason why the Honourable Member has made a concession to those passengers whose fares will come to less than one rupee is due to the fact that he is afraid that the traffic may be diverted to motor transport. So, no favour is being shown even to those people. As soon as the Motor Vehicles Act comes into force in 1943, we might expect even worse things. We might expect that the fares will be increased to any extent. At the moment, we do

[Mr. Muhammad Nauman ]

not know what is the real idea behind it. Probably, the Government feel a sense of security at the moment and think that the transport will not change its line because, on the one hand, the petrol prices are increasing and, therefore, the motor traffic will not be so cheap as the railways, or, probably, they think that in some parts of India the Motor Vehicles Act has already been in force, and, therefore, the motor lorries will not be in a very much better position to take the traffic from the Railways. But I want to impress this on the House that we passed the Motor Vehicles Act in order that it will do good to the country and not with the idea that it will give a chance to the Railway Member to increase the rates of freights and fares and eliminate all competition by legislation. That was not the idea when we passed that Act. I do not want to lay more emphasis on this point but I feel that the Government were not justified in making a proposal of this kind at a time when this country feels that this increase in freights and fares will very adversely affect the entire industry and trade of this country. In view of the fact that we have already got heavy taxation both in the provinces and also at the Centre and also because no relief is to be expected by the new budget which the Honourable the Finance Member, Sir J. Raisman, will place before this House in a few days, I think the Government can hardly be justified in bringing this new taxation proposal from the 1st of March.

There is one thing more which I would like to impress on the House, and the Honourable the Railway Member is aware of it. He is fully conscious of the fact that there is a genuine agitation and that the industries will be crippled down to some extent. When I say 'crippled down', I do not mean that they will immediately go bankrupt by this particular increase in the freight. What I mean to say is that their chances of advancement will decrease considerably and their present prospects will be marred by this particular proposal which has been placed before this House and which will probably be given effect to even without our sanction. That is what I want to impress upon the Honourable the Railway Member and I do hope that he will reconsider the situation and will accept the cut motion of the elected Members of the House and will abandon the idea of levying this taxation of increased rates of freights and fares. With these few remarks, I resume my seat.

**Maulvi Muhammad Abdul Ghani:** Sir, I do not want to take up the valuable time of the House more than I can help. I was all along under the impression that everything here was copied from the British Parliament, but I regret to say that in connection with the increase in rates and freights the Government of India have forgotten to copy what has happened in the House of Commons already. The other day the Minister of Transport assured the Members of the House of Commons that he was not going to allow the railways to impose any increase in tax on the public. Rather, he went so far as to give them further assurance that even if there was some justification for an increase because of the war difficulty, it will have to be justified to the Parliament. Here, the case is quite the reverse. They have already introduced this increase not only in the Budget but they have issued orders to the various railway administrations to commence charging the increased rates and fares from the 1st March, 1940. What a regrettable thing this is. What is the use of this House? It is all mere farce. It is simply a ceremonial thing to place the Railway Budget

before us and to ask us to elect the members of the Standing Finance Committee for Railways. It is all very well to impress on the world as to how India is being dealt with in the matter of legislation and how much liberty she enjoys to discuss all these things. We have been given a Standing Finance Committee but has this Committee got any control over the railway finance? These very things very clearly show how the railway administration is run.

The Honourable Member for Communications is very fond of strengthening the railway reserve fund. He is not satisfied with one golden egg a day. He is expecting a surplus of 361 lakhs. Rather he wants to have all the 829 eggs together and for that purpose he would like to kill the goose which lays the golden egg. This surplus of 361 lakhs is over and above the increase in expenditure of 110 lakhs. If the new expenditure of 110 lakhs had not been incurred then the surplus would have come to 471 lakhs. I do not grudge his desire to strengthen the reserve. But I should point out that this is not the only way of dealing with things. There are hundred and one ways. I may point out some. I pointed out in Simla Session that during 1937-38, the Railway Board had issued 708,886 free passes to the railway employees of State-managed Railways. If for every free pass a sum of Rs 5 is charged on the average, it would have brought nearly 40 lakhs to the railway exchequer. There are only about three lakhs of people working on the State Railways and thus works out to about two passes free for every person. The servants of other departments of Government are not getting these free passes. The railway servants are getting, besides free railway passes, provident fund and gratuity. Provident fund is a thing which can be paid even after the employees' death to their heirs, whereas pension lapses with the death of a Government servant. It cannot be paid after death to the heir of the Government servant. So, in this way also the railway servants are at a great advantage.

**Mr. Chairman** (Dr. Sir Ziauddin Ahmad). We are not now discussing the system of free passes.

**Maulvi Muhammad Abdul Ghani:** I was going to point out that the Government could stop these free passes to the railway employees and save money thereby.

**Mr. Chairman** (Dr. Sir Ziauddin Ahmad): The Honourable Member can bring out this point on the occasion of the next cut which comes off on Monday next.

**Maulvi Muhammad Abdul Ghani:** The next point that I wish to urge is that a temporary cut in salaries can be imposed in the higher grade salaries. I have given notice of this cut, but I hardly think there will be any opportunity to discuss it. The other point is that the Government should control expenditure in the various branches of the Railway. So far as the engineering side is concerned, I see there is very little control. You will find from the budget that about 5½ crores have been allotted for the renewal of the track. In Simla I pointed out that under the head track renewal there is huge wastage. The Engineering department ordered indent for iron sleepers and just after a year, that very department declared

[Maulvi Muhammad Abdul Ghani.]

them unsuitable. On one item of iron sleepers in 1937-38, there was a wastage of nearly seven lakhs. If such waste is allowed to continue, how can the administration be run on economic lines? It is desirable that the Railway Board should control this expenditure. There are similar items of expenditure which can all be classed as waste and which can be avoided. The Railway Board do not talk in thousands, but in lakhs. They do not know anything less than lakh.

Now, taking into consideration the earnings of the various railways, the State-managed railways are the worst. In the case of the Eastern Bengal Railway and the Great Indian Peninsula, there is very little control. Compare the earnings of the Company-managed Railways with those of the State-managed Railways. Bengal and North Western Railway gives about nine per cent. net dividend. The Nizam's railway gives a dividend of 8 per cent. In the case of the Eastern Bengal Railway, it is 1.9 per cent and in the case of the Great Indian Peninsula, it is 3.74 per cent. So, I submit great care and effort is required on the part of the Railway Board to control expenditure. If only the Railway Board had taken care of the purse, they would not now stand in need of increasing the rates and freights. Rather they would be compelled to decrease the rates and freights. It has already been pointed out truly that the so-called exemption for third class passengers up to 50 miles limit and also for food grain is not at all in the interest of the rate payers, but it is in their own interest. With these words, I urge that there is no case made out for any increase in rates and fares.

**Pandit Lakshmi Kanta Maitra:** Mr Chairman, the motion before the House seeks to give expression to the feeling of extreme dissatisfaction of the elected Members at the proposed enhancement of rates and freights in connection with the Railway Budget. Sir, to the debate, at this stage, I feel that I cannot make any contribution. If I participate, at this stage, it is only to join in the chorus of disapproval which has greeted the proposal of my Honourable friend, Sir Andrew Clow. Personally speaking, I am indeed happy that the Honourable Member for Communications made the speech he did the other day. It is simple, noted for its clarity and honesty, and, if I may say so, it has been able to expose the character of the administration of this land in its true colours which very few of its predecessors had been able to do. There is no platitude, there is no cant about amenities to third class passengers, there is no hypocrisy about any feeling for bleeding the people of this country who would be compelled to make these contributions to the railway finances. It is all a straight clear-cut speech: "Yes, we are earning, but that is due to war." There is not even an acknowledgment for the people of this land, for, after all, whatever may be the adventitious circumstances, it is the people of the land who contribute a major portion of the revenue, be it in the Railway Department or elsewhere. Well,—

"It is a dearly bought windfall and no matter whether there is any deficit or not and no matter whether we want any money immediately for improving the railways or not, we must have some money for the purpose of building up a strong reserve immediately."

This seems of the position of the Railway Member.



Sir, this year's move on the part of Government has completely upset all natural calculations which used to be made hitherto in connection with the annual fiscal programme of the Central Government. We heard, before the introduction of the Railway Budget, that the railways were making decent profits; no one could even imagine that Government, which were not faced with any deficit in the administration of railways, would enhance the rates and freights or take similar other measures. But, with the presentation of the budget the country received the rudest possible shock as the proposal of enhancement came at a time when, according to the admission of the Honourable Member himself, the prosperity of the Railways has been simply phenomenal . . . . .

**The Honourable Sir Andrew Clow:** I made no such admission.

**Pandit Lakshmi Kanta Maitra:** You may not have said that in so many words, but is tantamount to it when it is said that if your anticipations as disclosed by the revised estimates materialised that would be the best year in the last decade and that the income earned by the Indian railways even during this period of depression would compare favourably with that of any other railway system in the world. If that is not prosperity I have yet to know what is your idea of prosperity unless, of course, you want to take away everything and leave nothing to us. But for all practical purposes, for all commercial purposes, a dividend of five per cent or four per cent. is more than what one can legitimately look for in the field of Railway enterprises. Sir, I do not know if this bureaucratic Government is in its last gasp, but even then I believe this period will remain a landmark in the history of the administration of these decaying bureaucrats. Between August, 1939, and before this year runs out, this Government will leave a record in the sphere of legislation and legislation of reactionary character and of far-reaching importance. God knows what will become of the War but I know that as a result of this war between us and this Government, the country will be reduced to such a condition that it will take years before she may be able to stand on her legs again. There has been the Defence of India Act of the operations of which we have already had the most bitter experience. There has been the Excess Profits Bill which greeted this House on the very first day of its sitting, it is now continuing its mischief elsewhere and will soon come up again to work havoc, in full vigour. And now the Railway Budget has come and we have seen what it has meant for us. We cannot imagine what more is in store for us in the General Budget.

Sir, I congratulate the Honourable Member because, for the first time, he is the man who has not indulged in any kind of hypocrisy. There is not a word in the whole budget speech as delivered here and in the other House about amenities for railway passengers or increased railway facilities for the public. Yet, by this measure, Government want to earn a surplus of 8.29 crores and build up a reserve of five crores and odd in a couple of years.

**The Honourable Sir Andrew Clow:** No Sir, I am only estimating that we might have a reserve of 2,98 lakhs.

**Pandit Lakshmi Kanta Maitra:** A reserve of 48 lakhs only has accumulated so far and in one single year it is sought to raise it to 2,98 lakhs. Is

[Pandit Lakshmi Kanta Maitra ]

it a joke? In another place the matter was represented in a very nice way. There the justification pleaded for the increase was that the incidence would be of an absolutely trivial nature as compared to the all round increase in the price of commodities that had already taken place. For people drawing meagre salaries of four or five thousand rupees per month, or drawing four thousand but raised to six thousand by transfer to some other department owing to the war, this may be a trivial matter. But when these things will filter down through the intermediate strata to the man behind the plough, to the man in the cottage or to the man in the street,—have you calculated what it will mean? And is there any indication in the whole speech that it is only a war measure and that the reserve is really intended to the built up in this way for three or four years only? After all, once it is introduced it will go on for ever. Where is the indication given that it is a temporary measure? You cannot do that because you are not faced with a deficit and because you do not make it your case that you cannot meet your ordinary expenses except by this taxation. The argument of making hay while the sun shines does not appeal to me. I feel that you will not be enjoying the genial sunshine but this measure will generate a heat that will set your hay on fire. I, therefore, submit, Sir, that while we may not be able to do anything in this thin House we will be failing in our duty as elected representatives of the people if we do not tell Government outright that it is an outrage and cannot be justified on any canons of morality. It cannot be justified on grounds of political expediency or on grounds of sound economy. It is an absurd measure and I am sorry that such a decent gentleman as Sir Andrew Clow should have been called upon to do this dirty piece of work for Government.

Reference was made by my Leader to the editorial in the *Statesman*. Sir, it is a treat to read *Statesman* of today. It is commonly believed that the *Statesman* stands in the same relation to this Government as the *London Times* does in relation to the Conservative Government in England and that what the *Statesman* thinks today the Government of India thinks the day after. Sir, there have been very few occasions on which nationalist India could congratulate that paper and today we have got an occasion to convey our appreciation to that paper. Indeed the paper says that if a measure like this is certified, Government itself deserves to be certified. But this Government know that entrenched as they are today they cannot be certified or removed. Therefore, secure in their position they will go on piling up legislation after legislation and measure after measure till the last ounce of blood is drained out of the people. I do not understand how they expect to carry the people with them. They are said to have made certain exemptions in the case of commodities which would affect the ordinary poor people. That is an eye-wash which will deceive no one. They are making an exemption for third-class passengers, travelling not more than 50 miles, really because they are afraid of motor competition. If they wanted to exempt the ordinary passengers they should have thought of the middle class people who would be hard hit by this measure. To big cities like Calcutta, Madras, Bombay, Karachi, etc., lots of middle class poor men come from a distance of 60 or 70 miles to attend their offices, or for their daily business, and if Government had any solicitude for them they should have fixed the

exemption limit at 70 or 75 miles. This they have not done. The fact is, they know that they have the Motor Vehicles Act, the Provincial Governments—practically all of them are under their control now. The regional authorities will be in the hollow of their palms. They can make them issue any kind of license they like and, therefore, they can effectively throttle motor competition by limiting its service to 50 miles or so or by imposing other conditions. That is why they have put this fifty-mile limit. As regards exemption in respect of foodstuffs and things of that kind, they fully understand that it is necessary as they want to drain away the provisions of my country for the purpose of the war. We see that and we understand that and we are not fools. They may take these away in anyway they like, but let them not think that they have been successful in befooling us or that we have not been able to understand their real motive behind these.

**Mr. Chairman** (Dr. Sir Ziauddin Ahmad). The Honourable Member's time is up.

**Pandit Lakshmi Kanta Maitra**: With these words, Sir, I support the motion.

**Some Honourable Members**: The question may now be put.

**Mr. T. Chapman-Mortimer**: Sir, the Mover of this motion and all the previous speakers in this debate have criticised the Government for increasing rates and fares at this time. But in spite of the fiery speech of my Honourable colleague from Bengal, I could not help but reflect on what the Honourable the Communications Member said a day or two ago that the criticism of this budget might be likened to the cooing of a dove. I think that is a correct statement of the case, because as I listened to speaker after speaker this afternoon I listened and waited in vain to hear any one really stress the point when he came to this question of discussing why the rates and fares had to be increased. That point is the quite simple one which the Honourable the Communications Member made in his original speech, namely, that somehow or other the railways have got to meet their contribution of one per cent of the capital at charge and produce revenue for the Central Government at least to that extent. To my mind, that is the overriding consideration in passing any judgment on this decision of the Railway Board. They need, in respect of last year, 90 lakhs, which they failed to pay, and in respect of this year a contribution of 441 lakhs; and in order to do that it has been suggested that they should raise the rates. It has been said that instead of raising the rates Government might have found money by juggling in some way with their estimates in other directions. It was suggested, for example, that if Government had not been so conservative in their estimate of returns from increased traffic, they would have got all the money they wanted.

[At this stage, Mr. President (The Honourable Sir Abdur Rahim) resumed the Chair.]

I noticed from the Honourable Member's speech that he budgeted for no less than 75 lakhs from increased traffic in the coming year, and I suggest that so far from being a conservative estimate he is perfectly right in saying that that is a figure that may not be reached in fact. Government have also to consider the fact that with increasing traffic on the railways

[Mr T Chapman-Mortimer]

they get higher working costs; and though their receipts might go up, so also would their expenditure go up. Further, the Communications Member stressed, and quite rightly stressed, the very great uncertainty in regard to the coming year. Nobody knows how this country's trade is going to be affected in the coming year; and, in consequence, it must have been extremely difficult for the Honourable Member to arrive at an estimate of his revenue from railways which will be anything like correct. He, therefore, very wisely proposed that in spite of the hardship that must be caused (and obviously increased rates will be some burden)—in spite of that he decided on this grave step and I believe he was right in doing so.

I have referred to the burden which increased rates will cause. Undoubtedly there are cases where as a result of rates going up business may be affected; but the Honourable Member has made a very clear promise, that if that was the case and if traffic suffers as a result, these new rates would be carefully revised and reductions made where it seemed necessary. I believe the right attitude for this House to adopt at this stage is to remember that promise and to watch progress and see whether it is necessary to make representations at a later stage to the Honourable Member.

Then, in regard to one very large and important class of traffic, they are to be exempted entirely—I refer, of course, to the exemption accorded to agricultural products. These are to be exempt and I think we ought to congratulate the Honourable Member on that decision. If Honourable Members will turn to the speech of the Honourable the Communications Member on that point, they will find he said with regard to this exemption that he could not promise that it would continue, if for any reason railway working costs rose, or, alternatively, if their revenue were to fall. At the same time I feel sure that it must be present in my Honourable friend's mind that railway traffic with these increased rates may be affected by road competition. I have no doubt at all, after the part he played in piloting through this House the recent Act legislating for motor vehicles, that he has had this before him. I hope that he will, wherever he sees that railway traffic is affected by road competition, at once give effect to what he promised to do in paragraph 20 of his Budget speech.

There is one class of commodities which I should like to refer to particularly—I refer to coal. Coal affects every industry in this country and naturally it also enters very largely into the cost of production. For people who are upcountry and at a long distance from the ports, if they have to pay more for their coal than they could reasonably afford to pay, it is perfectly obvious that they will suffer; and in South India, particularly at this time where owing to shipping difficulties the cost of conveying coal there makes a particularly large item in their costs, it is practically certain that traders will suffer. I hope therefore that the remarks of my Honourable friend, Sir Abdul Halim Ghuznavi, will receive the attention that I feel they deserve. In this connection also we have to remember that the original proposal to fix a maximum rate for traffic going over fifty miles has now been abolished and that that privilege has been withdrawn.

From a general point of view, however, I cannot but feel that the Honourable the Communications Member has done the only thing he could, unpleasant as that decision must have been. He knows perfectly well that to increase rates, as to increase the price of any commodity, must affect those who have to pay the price. The United Kingdom case is no

parallel whatsoever as the railways there are private organisations and do not pass on their surplus revenues to the State.

In conclusion, I should like very briefly to say a word about the *Statesman's* leading article today, since that leader has already been quoted with approval by the Honourable the Mover. The more I reflected upon it the more I thought what a remarkably appropriate title it had that title is "The Wrong Angle". If ever I read an article that got the subject from the wrong angle, that was the *Statesman's* article of this morning. It was one of the most unsound pieces of reasoning that I have ever read anywhere and I take this opportunity to say that I entirely disagree with it. Sir, I oppose the motion.

**A few Honourable Members:** Let the question be now put

**The Honourable Sir Andrew Olow:** Sir, I hardly needed the fiery eloquence of my Honourable friend, Mr. Nauman, and my Honourable friend, Pandit Lakshmi Kanta Maitra, to convince me

4 P.M. that nobody likes paying more either in the way of fares or in the way of freights and that, in particular, the poor man who has to travel by train will in some cases feel this burden. Nobody likes putting burdens on anybody and there is nothing that I should like better than to stand up and say that I am in a position to make glorious concessions all along the line. I would ask the House to believe that if we in Government have to take what is undoubtedly an unpopular line on this occasion it is only because we feel that it is fully justified.

My Honourable friend, Sir Abdul Halim Ghuznavi, with his usual solicitude for the coal industry has put the case for that particular commodity. I recognise frankly that coal stands in a slightly different position from most other commodities, it is precisely for that reason that we have treated it with tenderness. Actually, for the next eight months, the freights will be no higher than they were, they will be exactly the same as they were prior to 1935. And if my memory serves me rightly, first class coal which is now selling at Rs. 5 then fell below Rs. 3 a ton at the pit's mouth. Then, there have been several references to what I can only describe as an extraordinary article in one of our leading dailies. I entirely agree with my Honourable friend, Mr. Chapman-Mortimer, in fact, the article made me blink and I began to wonder if all the economics that I had been taught were completely wrong and I rushed round this morning to various persons more skilled in the art than myself. They assured me that I had not gone mad but the article had gone astray. I am warned that this is the "beginning of inflation". The word "beginning" was sufficiently surprising. When I had given the House the other day particulars of the comparison between the rates we are imposing and the rise in prices which has accrued, when I had pointed out that on most commodities the rise in prices is perhaps 30 to 40 times more than any rise that can take place as a result of this increase, when on cotton it was perhaps more than 100 times and on jute perhaps more than 200 times—the word "beginning" rather struck me as a curious word. But the word that really staggered me was the word "inflation". I have always thought that when you take away the purchasing power from the people you are deflating. If we had been increasing the purchasing power of the people I think it might really have been described as inflation. Those who in my experience feel most bitterly on the subject of these increased rates are precisely the people who hoped that inflation was coming and are accusing me of having deflated the market to some extent.

**Mr. F. E. James:** Perhaps it was a misprint.

**The Honourable Sir Andrew Clow:** However, if the newspaper in question is so afraid of inflation, it will doubtless recognize that the efforts of my Honourable friend, the Finance Member, and his Excess Profits Duty give a turn in the opposite direction

To come to the more fundamental question, I suggest seriously that those who attack the increase in freights have got three questions to answer and that no serious attempt has really been made to answer any. I would say that the first question is this. Shall we once more default on our obligations to the taxpayer? I am told all over the place for the last ten years the railways have been making money, and I admit by using the term surplus we have possibly been conveying a misleading impression. As this House knows, it is its own decision that by way of recognising that the State which owns the railway should derive some advantage therefrom we should pay one per cent on our capital less the loss on strategic railways. In no recent year have we managed to do that. In every recent year there has been not a surplus but a deficit when you allowed for that charge. In every recent year we have been adding to the debt that is accumulating against the railways, a debt which by the kindness of this House we have been excused from paying for the time being. Is it seriously suggested that at this juncture when the need of the taxpayer is great we should once more default, that I should go once more to the Finance Member and say, "I am very sorry. I cannot pay my debt this year. Would you just mind letting me off and adding it to the amount that is rising against me?" I have seen nowhere any attempt to answer that.

Then, the next question which arises is, if we are to make a real surplus, in other words, if we are to meet our obligation, can we raise the money otherwise? I have seen only one attempt to answer that and it is an extraordinary letter issued by the Federation of Indian Chambers to the press and I think to a number of Members of this House. They answer the question apparently in the affirmative. I will explain why I say 'apparently' later. They say:

"The Committee, therefore, hold that the expected surplus for 1940-41 put forward by the Railway Member on the basis of existing railway charges does not appear to be a fair estimate, and it can safely be put at a figure higher than Rs 3 crores. The Railway Member admits that in view of the prospects of an enormous increase in the goods traffic, the railways can look forward to a prosperous period during the duration of the war."

I admitted nothing of the kind and nothing resembling that. But when I noticed that after I made a denial in this House it was repeated in a prominent paper in a leading article next morning. They go on:

"It is, therefore, reasonable to assume that the existing rates and fares would yield a larger revenue as a result of the expected increase in the total turnover of business and thus enable the railways to fulfil their obligations in respect of their contribution to the general revenue and contribution to the railway reserve fund."

That, Sir, is optimism in excelsis. I am expected to get four to five crores more by extra traffic than the estimate I have framed in the budget, and, of course, extra traffic means extra expenditure, so that the estimate is even more optimistic than it seems. The only reason I used the word "apparently" earlier was because on the next page the Federation went on to say. . . .

**Maulana Zafar Ali Khan** (East Central Punjab · Muhammadan): You are strangling the export trade of India by enhancing the rates.

**The Honourable Sir Andrew Clow:** On the very next page the Committee goes on to say.

"The Committee feel that the decision of the Government to impose this additional burden is based upon an unduly optimistic view of the present situation"

I must leave the Federation to answer their own dilemma, but I suggest that the only effort I have seen to answer the second question in the affirmative is a complete failure.

Then, the third question remains, and that is, if I do not provide the Finance Member with this money, if I do not provide the taxpayer with this money, are there better means by which it can be provided? If there are, the House will doubtless tell the Finance Member the alternatives after he has introduced his own budget.

**Mr. President** (The Honourable Sir Abdur Rahim) The question is:

"That the demand under the head 'Railway Board' be reduced by Rs. 100."

The Assembly divided:

#### AYES 19

Abdul Ghani, Maulvi Muhammad.  
Abdur Rasheed Chaudhury, Maulvi.  
Aney, Mr M S  
Azhar Ali, Mr Muhammad.  
Bhutto, Mr Nabi Baksh Illahi  
Baksh  
Essak Sait, Mr H A. Sathar H  
Ghiasuddin, Mr. M  
Ghuznavi, Sir Abdul Halim  
Lalchand Navalrai, Mr  
Maitra, Pandit Lakshmi Kanta

Malaviya, Pandit Krishna Kant  
Nauman, Mr Muhammad.  
Parma Nand, Bhai.  
Raza Ali, Sir Syed  
Sant Singh, Sardar.  
Siddique Ali Khan, Khan Bahadur  
Nawab.  
Umar Aly Shah, Mr.  
Zafar Ali Khan, Maulana.  
Ziauddin Ahmad, Dr Sir

#### NOES 45

Abdul Hamid, Khan Bahadur Sir  
Abdul Hamid, Khan Sahib Shaikh  
Ahmad Nawaz Khan, Major Nawab  
Sir.  
Aikman, Mr. A.  
Bajpai, Sir Girja Shankar.  
Boyle, Mr J. D.  
Buss, Mr L. C.  
Caroe, Mr. O. K.  
Chambers, Mr. S P  
Chapman-Mortimer, Mr T.  
Chettiar Dr Rajah Sir S R M  
Annamalai  
Clow, the Honourable Sir Andrew  
Dalal, Dr. R. D  
Dalpat Singh, Sardar Bahadur  
Captain.  
DeSouza, Dr. F. X  
Dumasia, Mr. N. M.  
Griffiths, Mr. P. J.  
Ismail Ali Khan, Kunwar Hajee.  
James, Mr. F. E.  
Jawahar Singh, Sardar Bahadur  
Sardar Sir.  
Kamaluddin Ahmed, Shams-ul-Ulema  
Khan, Mr. N. M.  
Kushalpal Singh, Raja Bahadur.  
Lillie, Mr. C. J. W.

Mackeown, Mr. J. A.  
Maxwell, The Honourable Sir  
Reginald  
Miller, Mr C C  
Muazzam Sahib Bahadur, Mr.  
Muhammad  
Mudaliar, The Honourable Diwan  
Bahadur Sir A Ramaswami.  
Ogilvie, Mr. C M G  
Oulsnam, Mr S H. Y  
Pillay, Mr. T S S  
Rahman, Lieut.-Col. M. A.  
Raisman, The Honourable Sir  
Jeremy  
Raper, Mr J H F  
Scott, Mr. J. Ramsay.  
Sen, Rai Bahadur G. C  
Shahban, Mian Ghulam Kadir  
Muhammad  
Sheehy, Mr J. F  
Sher Muhammad Khan, Captain  
Sardar Sir  
Singh, Raja Devaki Nandan Prasad.  
Sivraj, Rao Sahib N.  
Spence, Sir George.  
Staig, Mr. B M  
Zafrullah Khan, The Honourable Sir  
Muhammad.

The motion was negatived.

*Grievances of Railway Employees.*

**Mr. N. M. Joshi:** Sir, I move:

"That the demand under the head 'Railway Board' . . ."

**Sir Abdul Halim Ghuznavi:** Sir, he has to move this at half-past four.

**Mr. N. M. Joshi:** No, no, I have to move this at a quarter past four. I have already lost five minutes.

**Mr. President** (The Honourable Sir Abdur Rahim) The Honourable Member can go on.

**Mr. N. M. Joshi:** Sir, I move:

"That the demand under the head 'Railway Board' be reduced by Rs. 100 "

As I have stated in the list of motions, my object in making this motion is to draw the attention of the Honourable the Communications Member to the grievances of the railway employees. In dealing with these grievances, I shall first mention a few grievances of some particular classes of railway servants in order to show to the Honourable Member in charge that there is need for watchfulness on his part and also on the part of the House if we are to protect the interests of all railway men in India. Later on I shall deal with certain general grievances of railway men and also the policy of the Government of India in treating their employees. In dealing with particular grievances, I should like to point out to the Honourable Member for Communications that on the Great Indian Peninsula Railway, the railway administration is proposing that there should be central control of some of the power stations between Kalyan and Igatpuri and Kalyan and Poona. This centralisation is resulting in retrenchment of about twenty people. I do not know the exact number, but the Honourable Member may be able to find it out. This scheme of centralising power control between Kalyan and Igatpuri and Kalyan and Poona by converting existing substations as centrally controlled is doubtful of success, but I am not an electrical engineer and I cannot say with certainty whether it will fail in its object or not. But what I am certain about is that this scheme is going to result in some of the workers employed in this department losing their jobs. The Government of India, I am told, are trying to find employment for the men who are going to lose their jobs. Unfortunately, what they are proposing is that people who are now getting between Rs. 150 and Rs. 215 are going to be provided with jobs on Rs. 60 rising to Rs. 90. I think, Sir, it is not right that the Government of India should deprive these people of their jobs. They should try to find out suitable jobs for these people. I am told that most of these people, or perhaps all of them have served the Railway for more than ten years. They are all well qualified people, some of them have passed through the Victoria Jubilee Technical Institute, and some have passed through the engineering college. It is very wrong on the part of the Government either to send them away or even to offer them much smaller jobs. I want, Sir, the Honourable Member to make an inquiry into the grievance of these people and see that justice is done and that these people are not deprived of their maintenance, and



when suitable jobs are found for them, they should be provided with suitable jobs and not jobs which these men may find it difficult to take or even if they take them in despair, they should be provided very soon with suitable jobs where they will not be asked to make any sacrifices

There is another grievance which really arises out of this grievance which I would like to place before the Honourable Member for Communications. That grievance is this, that when Government makes retrenchment in the personnel of the Railway Administrations, they either discharge people or sometimes offer them smaller jobs, or to use the technical language, they demote men. The Railway Board have followed certain policy in dealing with demoted men whenever retrenchment is effected. They have laid down that when a man is demoted he should be put at the top of the grade to which he is demoted, so that when there is an opportunity of promotion, he should get it. I think that is the policy of the Railway Board which has been laid down in a communique. They say that the demoted employees will—

"rank in seniority above men holding similar posts drawing the same rate of substantive pay as that allowed to them on reversion and will, subject to continued efficiency be considered, when a suitable opportunity offers, for promotion to the class of grade in which he was formerly employed or to a post of equivalent or lower rank".

I do not wish to refer to all the rules regarding the demoted men which the Railway Board have made. I am not suggesting that these rules are generous. But the rules are there. My complaint is that on the Great Indian Peninsula Railway these rules are not observed. There are some retrenched men who are demoted, but they are not treated even according to the rules made by the Railway Board. I am told that some men belonging to the Crew Department were demoted and the demoted men were not treated according to the rules.

Then, Sir, men were also retrenched and demoted,—people who were Painters in the Traction or the Overhead Equipment department. I don't wish to go into the details of these cases, but I will only mention cases where unfairness and injustice have happened. Then, there are the other men in the Traction department about whom I have already spoken. They are offered jobs in the grade of Rs. 60 to Rs. 90, and I am told they are not promised to be treated according to the rules laid down by the Railway Board. There were two schoolmasters at Bhusaval who were demoted, one of whom was treated unfairly. I don't wish to add to these examples of unfair treatment of demoted men. I want, Sir, the Honourable Member for Communications to inquire and find out whether the rules made by the Railway Board as regards the treatment of demoted men are being properly observed on the Great Indian Peninsula Railway or not. I have no doubt that if he makes an inquiry the injustice will be removed.

Then, Sir, there is a third class of people about whom I want to speak. Some educated men, or if you like, say, some literate men, were taken on the North Western Railway on the Loco. staff as cleaners and firemen. Their case was placed before this House once or twice. The Agent took these people and gave them some positions in the Loco. Department. Afterwards, he ceased to take literate men and people who were already taken on had some expectations of promotions, but those expectations were not fulfilled. Somehow, the Agent came to the conclusion that these literate men were not needed and they need not be treated differently. I would like the Honourable Member to also inquire into this case.

**The Honourable Sir Andrew Clow:** What is the precise hardship?

**Mr. N. M. Joshi:** The hardship is, they are not getting promotions which they had expected.

Sir, another grievance which I want to place before the Honourable the Member for Communications is that at Kharagpur on the Bengal Nagpur Railway there has been short-working in the workshop for a long time. The workshop does not work for the number of hours which it is expected to work in a week. The men generally do not get work at these railway workshops for a half day on Saturday and sometimes the factory also does not work on some other day in the week. Well, Sir, the men feel that on account of this short working they lose in their wages. Unfortunately, Government do not pay them by the week, they pay them by the day, and, therefore, the men lose when the short-working begins. Personally, if I had a grievance about the short-working on workshops, I would not have made it a grievance that I was asked to work for a shorter number of hours, I would have asked for an increase in salaries and wages. Unfortunately, I cannot convince these men at Kharagpur that their best course was to strike for higher wages and not to ask for fuller working in the workshops. This grievance has been going on for a long time and I would like the Communications Member to inquire and find out whether full working cannot now be introduced. Sir, the times have changed, railway traffic is going up and, therefore, it is quite possible that full working may be begun. Sir, I do not wish now to speak about the smaller grievances. I would like now to come to larger questions.

Sir, I have already thanked the Communications Member for agreeing to make some provision for providing a provident fund for the low-paid employees of Indian Railways. I am very grateful to the Honourable Member for what he is doing but I am not quite satisfied with what he has done. We do not know, in the first place, what amount of money he is going to provide for this reform. He has told us that the reform will require seventy-two lakhs of rupees. As I have said in my speech during the general discussion, I thought he could easily get 72 lakhs of rupees even this year, and even if Rs 72 lakhs are to be spent every year, I admit that these 72 lakhs will have to be spent every year. I think the Indian Railways can afford to spend this amount without feeling any inconvenience. After all, the Indian Railways are finding money for so many things and this provision of a provident fund for the low-paid employees is an urgent matter and is only the removal of a great injustice. You are providing a fund for people who do not need a provident fund,—people who are getting, say, Rs 1,000, Rs 2,000 up to Rs 5,000 and more. Why do they need a provident fund? It is the lowest-paid men who need a provident fund but if you provide such a provident fund for the better paid people but have not done so for the lowest class of your employees, then you have done an injustice. You have continued that injustice far too long, and therefore, even if you require Rs. 72 lakhs by way of an increase of your annual expenditure, Sir, I would do it and I would like the Communications Member to do it. Then I would like to ask the Honourable Member for Communications, if he is not willing to spend 72 lakhs, then what is his programme for completing this reform of the establishment of a provident fund for the lower class of railway employees? He must tell us how many lakhs of rupees he is going to

spend Then, if he is not spending Rs. 72 lakhs, how is he proceeding? Is he going to take up one Railway after another, or to take up some categories of employees of Railways and give them some concession? I would like the Honourable Member for Communications to give me some information

Then, there is the question of the passes The House has discussed this question of passes so many times Now, what I have to say about passes today is this, that let us have at least an equalization of this concession Officers, I am told, get eight or ten sets of passes. The subordinate grades get a smaller number of passes, and the inferior servants get the least number of passes. They are not given passes on what are called foreign lines, and they are only given one or two sets of passes, I do not know exactly, but they get the smallest number. The subordinates are given a limited number, but the officers get eight or ten sets of passes I do not know why a larger number of sets of passes should be given to them; their families are not necessarily larger than the families of the subordinate staff or larger than the families of the inferior staff, and why should they be given a larger number of sets of passes I cannot understand And, although they have to travel sometimes on their own, generally they do not travel on their own, and if they have to travel on their own, well they have sufficient money to spend for tickets I would, therefore, suggest to the Government of India that there is no need for making a discrimination as regards the number of sets of passes between officers, subordinates and the inferior servants I would suggest to them to have an equal number of sets of passes provided for all railway employees

Sir, then there is the question of the daily-rated men in the workshops. The practice of the Government of India has been to treat workshop employees as daily-rated men. I have read in a report published by the Government of India regarding the recommendations of the Royal Commission that in some of the workshops they now treat these daily-rated men after three years' continuous service as permanent men. Sir, the Royal Commission had recommended that daily-rated men should be treated as permanent after only one year's continuous service I would like the Government of India to accept the recommendation of the Royal Commission Then I would like the Government of India to take all steps possible to give immediate effect to the recommendation of the Royal Commission on the other Railways also,—on the Railways which have not yet given effect to this reform. I hope the Honourable Member will give attention to these daily-rated men He himself has signed the report of the Royal Commission on Indian Labour and I have no doubt that he has sympathy for the people who are affected by this recommendation Then there is the question of the war bonuses. I have already spoken on this subject during my speech on the general debate. Sir, I am not quite satisfied with the attitude of the Government. They say that the railway men were not asked to make any sacrifice when the prices went down, that their wages and salaries were not reduced . . .

**Lieut.-Colonel Sir Henry Gidney:** They were in 1981

**Mr. N. M. Joshi:** But, afterwards, that cut was restored—and that, therefore, when the prices have gone up, wages should not go up. Sir,

[Mr. N. M. Joshi.]

I feel that that argument at any rate cannot apply to people whose standard of life to-day is not adequate and was never adequate. We have not yet established whether the railwaymen who were getting Rs. 30 sometime ago were really living a proper standard of life.

**Mr. President** (The Honourable Sir Abdur Rahim) The Honourable Member's time is exhausted.

**Mr. N. M. Joshi:** I have got five minutes more, Sir?

**Mr. President** (The Honourable Sir Abdur Rahim) No, no.

**Mr. N. M. Joshi:** I shall finish within five minutes, Sir.

**Mr. President** (The Honourable Sir Abdur Rahim) No, no. The Honourable Member has only twenty minutes and he has exhausted that, he must finish now.

**Mr. N. M. Joshi:** I shall not take even five minutes.

**Mr. President** (The Honourable Sir Abdur Rahim) The Chair cannot allow him any more time.

**Mr. N. M. Joshi:** Very well, Sir, I shall then finish with a sentence or two in half a minute. I want the Honourable Member to look into this question of war bonuses very sympathetically. Railwaymen are not given a proper standard of life and it is wrong to ask them to make a sacrifice and to lower their standard of life. My last request is this, that the grievances of the railwaymen are numerous and what I would suggest to the Honourable Member is that he should institute an inquiry into the question of works, Hours of Work and other condition of work of all the railwaymen. I hope the Honourable the Communications Member will accept my suggestion that there should be an inquiry into the conditions of wages and hours and other things of the railwaymen in India.

**Mr. President** (The Honourable Sir Abdur Rahim) Cut motion moved.

"That the demand under the head 'Railway Board' be reduced by Rs. 100."

**Sardar Sant Singh** (West Punjab Sikh) Sir, I am thankful to my friend, Mr. Joshi, for moving this cut motion. I had given notice of a similar cut motion which stands in my name at number 13 to discuss the block of promotion of the guards and members of the commercial staff on the North Western Railway. This gives me an opportunity to make a few observations on that subject. Before I deal with their grievances, I want to draw the attention of the Honourable the Communications Member to certain aspects of the administration of the North Western Railway with regard to the expression and the subsequent attention which is paid to those grievances by their employees. In the case of the North Western Railway the attitude of the General Manager has not been what one would wish it to be. The result has been that on that particular

railway, sectional associations are coming into existence and two of them, namely, the Guards Association and the Commercial Staff Association, have already been formed to protect their interests. I have had the privilege of listening to their grievances and giving vent to them in my presidential address when I presided over their annual Conferences. The difficulty in presenting these grievances to the administration of the North Western Railway is that that the latter always take shelter behind the plea that these Associations are not recognised under the Trade Unions Act. So, steps were taken to fulfil those conditions. It is now about a year since when all the conditions have been complied with and an application was sent to the General Manager to extend recognition, yet no reply has been vouchsafed so far. I do not know how far the Honourable the Communications Member will justify the conduct of an important administration like the North Western Railway. When the conditions pre-requisite to the recognition have been satisfied, there should be no delay in extending the recognition to these Associations. Not only no reply has been vouchsafed but the administration lacks the courtesy of sending an acknowledgment to the Association.

**The Honourable Sir Andrew Clow:** When was the application sent?

**Sardar Sant Singh:** The application was sent some time in the middle of 1939. It was regularly registered. Afterwards, I think some reminders were also sent.

Then, Sir, there is another point which I have failed to understand and I wish the Communications Member were to throw some light on it. When I wrote to the General Manager in pursuance of the Resolution of the conference that a deputation should wait upon him to discuss the grievances so that there may be a mutual exchange of views on such matters, he refused to discuss on the plea that the Association was not a recognised body. It may be a valid plea and I do not dispute it. But when I wrote to him as a Member of the Assembly to seek an interview with him, he still declined to see me which refusal I regard as not in good taste. Is it not the privilege of the Members of this House to see the Members of the Viceroy's Executive Council? If we have that right to interview such high officials and dignitaries, surely the General Manager does not occupy a higher position than he may refuse to see us and discuss matters with us. I think it is a commonsense view that when grievances are discussed in an interview, most of the misunderstanding between the employees and the employer are removed. But this was not done. Then, I wrote to the Railway Board drawing their attention to this aspect of the case and asked them what was their view on this subject, whether the Members of the Assembly have or have not a right to interview the General Manager. I have not been favoured with a reply because it seems to me that the question is rather difficult for decision. I do not know whether we have got the privilege or not but, at any rate, from the point of view of expediency I hope the Communications Member will issue instructions to the General Managers that such interviews are profitable both to the administration as well as the persons concerned.

**Bhai Parma Nand (West Punjab: Non-Muhammadan):** The General Manager is too big a man.

**Sardar Sant Singh:** I quite agree with my Honourable friend, Bhai Parma Nand, that the General Manager of the North Western Railway thinks himself to be too big a man. In this connection I would like to recall the question which my Honourable friend, Dr. Sir Ziauddin Ahmad, put the other day when the General Manager is alleged to have remarked that the Members of the Assembly should not be allowed to ask stupid questions. I hope the Railway Board must have gone through the question and would have discovered whether there was such a remark or not. If there was, it showed a very bad taste on the part of the General Manager.

Now, I come to the grievances. The grievances of the guards and the commercial staff are mainly under the head that their promotion has been blocked for over 15 years. Persons who have reached the grade of Rs. 60 or of Rs. 68 have no chance of promotion to a higher grade. The amusing part of the whole story is that our friends in power in the North Western Railway forget what promises they held out to their employees at one time. When the same question is reagitated, they take up a line just opposite to that which they took up in the first instance. In a memorial which was addressed by the guards of grades II and III in 1935, the General Manager was then pleased to say this. I am now reading from his Circular letter No. 522-E/199, dated the 12th August, 1935. He said:

"With reference to your letter forwarding memorials from grade II and III guards, I beg to state that it has never been the policy to keep vacant posts of grade III and IV guards as alleged by the memorialists. It has, however, been decided (as per this office letter No. 757-E/1-IV, dated the 8th November, 1935) to abolish the posts of guards grade IV with a corresponding increase in the number of grade III posts and this does not affect the promotion of grade II guards."

Due, however, to certain surpluses in grade III, promotion of grade II guards has been retarded but this will right itself very shortly as surpluses are being absorbed in their own grades against vacancies in grade IV."

After this reply, another memorial was submitted in 1937 to reconsider the position. In reply to that memorial the North Western Railway administration stated this *vide* Agents letter No. 522-E/199, dated 6th January, 1938:

"This administration has no intention of amalgamating grades II and III."

So far it may be right.

"Recruitment and promotion to grade IV has been discontinued as it is considered that grades for guards, namely, III and II, are sufficient (grade I being but a second guard's post). As senior guards, grade II with pay and allowances, including mileage, draw emoluments in the vicinity of Rs. 100, often more, it is considered that they are more than adequately paid. The revision of scales of pay for new entrants and discontinuance of grade IV should convince them that such is the case and it is therefore difficult to understand the justification for such demand."

May I ask the Honourable Member how he can reconcile the one reply with the other? In the first reply the promise was held out clearly that as soon as certain surpluses were absorbed, promotion of grade II guards will automatically begin and they will go up. But in the latter letter of 1936, the administration just turns round and says, "you are getting enough. You have no right to complain. You cannot get promotion and no promotion shall be given to you". Practically there is block of promotion. The same is the case with the commercial staff. May I ask the Honourable Member whether it is fair for the Railway Board, under any

circumstances, to block promotion for over twelve years and then hold out absolutely no hope for these men to earn grade III.

Now, Sir, what steps were taken. I put certain questions in this House. In reply to these questions, I was told that there will be no shortage of upper grades and the time will come when second grade guards will get promotion to grade III. The Government gave certain figures about the various grades. There were 250 guards of grade IV in 1926 when this was abolished. There were 388 guards of grade III in the same year which were reduced to 219 by 1938-39. There were 638 posts in the year 1926-27 when grade IV was abolished. The General Manager of the North Western Railway by his letter No 757-E /I/IV, dated the 8th November, 1935, abolished grade No IV.

**The Honourable Sir Andrew Clow:** Will the Honourable Member kindly give reference to what he is reading from?

**Sardar Sant Singh:** This was in reply to question No. 1576 asked on the 29th November, 1938, and the reply was laid on the table some time in February, 1939. Now, according to this reply, it would be clear that the posts in grade III have been reduced considerably.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member has one minute more.

**Sardar Sant Singh:** I shall finish, Sir. May I ask the Honourable Member whether it is consistent with the conditions of service on which these guards and members of the commercial staff were taken that their promotions should be blocked in that way, that they will get no promotion even after reaching 60 or 68 in this case. I hope the Honourable Member for Communications will look into the matter and if he is satisfied that there is real and genuine grievance on the part of guards and members of the commercial staff, he will do something in the near future to remove those hardships which are working on grade II people. I, therefore, support the motion.

**Lieut.-Colonel Sir Henry Gidney:** Sir, I have just a few minutes before we adjourn within which I desire briefly to refer to certain grievances which I have enumerated in certain past motions and which I will not move now, but will discuss as part of the general grievances of railwaymen. My first observation is that, in the main, I entirely agree with my Honourable friend, Mr. Joshi. He has placed before this House certain grievances which have been long overdue for redress. He has dealt with them very fully and I have no desire to repeat his arguments. Within the little time at my disposal, let me refer to some of my special points. Sir, it has become the habit of the railway administration of late to interpret rules issued by the Railway Board in multifarious ways. Many matters are brought to the notice of the Railway Administration by the Railway Board. In most railways some of the Agents powers are delegated to the Divisional Officers and the Divisional Officers and their District Officers are sometimes inclined to interpret them as they choose. I can give one instance: Allowances, particularly Sunday allowances. There are several points that I can enumerate, such as, appeals, communal recruitment and so on. With reference to communal recruitment I desire to touch on a matter that refers to the community I represent in this House. No two Divisions and no two Railways interpret the communal recruitment rules as adumbrated in the Government of India, Home Department, Circular

[Lieut.-Colonel Sir Henry Gidney]

of July, 1934, as correctly as they should do. For instance there are some railways who wrongly call some of the loco. apprentice staff as "menial staff", others call them "cleaners", other railways call them "apprentice-fireman", other railways call them "inferior staff" and so on. The salaries of these apprentices vary in different divisions of the railways. This is the case in the East Indian Railway in the present day. Sir, it leads not only to discontent, but it leads to want of a lack of understanding and this is mainly due to the greater power Divisional officers have delegated to them with power to act in this matter as they choose best. I would ask the Honourable Member for Communications to look into this matter, because this is a question which requires uniformity of application, if not on all railways at least on State Railways. The Anglo-Indian cleaners—apprentice firemen—menial staff—call them what you like start on Rs. 10 per mensem and are members of the Indian Auxiliary Force and yet are denied the minimum initial salary of Rs. 55 per mensem. Later on I shall have more to say on Anglo-Indian Railway recruitment.

The next thing I want to talk about is a hackneyed complaint often ventilated in this House—I refer to the Leave Reserve of subordinate staff. I ask the Honourable Member for Communications to make a statement if he can on the floor of the House that the leave reserve of the railways is of such a nature that he can stand up and say that he is practising safety first and that the leave reserve is ample. The leave reserve of the subordinate staff on some railways is appallingly inadequate, an after-thought and the net result is that on some Railways men cannot get the leave to which they are entitled. I am not one of those who supports railway employees demanding leave during the busy season. It will be very foolish for any railway administration to give their subordinates leave during the busy seasons, but when a man is really wanting leave for a serious reason, great difficulties are placed in his way to get the leave, because, there is not an adequate leave reserve in the subordinate Departmental sections. This is a very serious matter to which I desire to call the Honourable Member's attention. If the Honourable Member wants me to prove it for any individual railway, I would not be able to do so. But, as a general statement, I have asked the Honourable Member to deny it. If it is true, I think, it calls for an immediate examination and remedy and that general Managers of all railways, when submitting their estimates of employees, should clearly state whether or not their leave reserve is adequate, giving figures.

The other complaint which I want to make is also a hackneyed one—the question of Railway passes to subordinates. Sir, last year we were encouraged to entertain great hopes from the Railway Member that he would so enquire into the matter as, at least, to appease this House in some measure. But what has been decided is—indeed—a very small measure of appeasement and the men are very dissatisfied. I have with me the latest pass rules of the Great Indian Peninsula Railway as announced in their weekly gazette, No. 52 of 29th December, 1939. Let me first refer very briefly to retired employees, officials and subordinates.

**Mr. President** (The Honourable Sir Abdur Rahim) : The Honourable Member can continue his speech on Monday.

The Assembly then adjourned till Eleven of the Clock on Monday, the 26th February, 1940.



# LEGISLATIVE ASSEMBLY.

*Monday, 26th February, 1940.*

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. President (The Honourable Sir Abdur Rahim) in the Chair.

## STARRED QUESTIONS AND ANSWERS

### (a) ORAL ANSWERS.

#### COMPLAINTS OF THIRD CLASS PRISONERS IN JAILS IN THE CENTRALLY ADMINISTERED AREAS.

**177. \*Mr. Lalchand Navalrai:** (a) Will the Honourable the Home Member be pleased to state if it is a fact that food is supplied to third class prisoners in jails in the Centrally Administered Areas in a dish and a cup made of iron or some such material which makes the food full of rust?

(b) Is it a fact that their vegetable food is cooked in oil and there is dissatisfaction over it?

(c) Is it a fact that there are only two kitchens in big jails, one for Hindus and the other for Muhammadans, in which food is not properly cooked, as it is cooked for a very large number of prisoners, and that there is a need for increasing the number of kitchens for a group of barracks?

(d) Is it a fact that husks mixed with wheat and flour are used in preparing bread for prisoners?

(e) Is it a fact that these third class prisoners are not given shoes to wear even in the hottest part of the season?

(f) If any of these complaints are correct, what do Government propose to do to remove the same and to issue instructions on similar lines to the Provincial Governments?

**The Honourable Sir Reginald Maxwell:** (a) The dishes and cups supplied to prisoners are made of zinc, aluminium or iron. Where, however, iron utensils are used, they are not allowed to rust and spoil the food. Steps are however being taken to replace them gradually by aluminium ware.

(b) Vegetable food is so cooked, but no complaints have been received as regards this method of cooking.

(c) Yes. but no complaints have been received that food is not properly cooked owing to the number of kitchens being insufficient.

(d) No.

(e) Shoes are not included among the articles<sup>1</sup> issued to "C" class prisoners. Prisoners in the Delhi Jail are permitted to wear shoes provided by relatives, etc. The question of allowing prisoners in the Ajmer Jail to use their own shoes is under consideration.

(f) Does not arise.

**Mr. Lalchand Navalrai:** Have the rules with regard to the welfare of prisoners in jails been revised recently, within two years, and, if so, are those rules in the Library or where can they be had?

**The Honourable Sir Reginald Maxwell:** I must ask notice of that question.

**Mr. Lalchand Navalrai:** Why is it, with reference to clause (e) of the question, that shoes are not being given to these prisoners? Do they walk outside with bare feet always or is it because they are not accustomed to it and therefore shoes are not being given to them?

**The Honourable Sir Reginald Maxwell:** I am not aware of the habits of prisoners outside the jails, but I imagine a good many do walk with bare feet.

**Mr. Lalchand Navalrai:** What is the reason of the Honourable Member for not having this reform?

**The Honourable Sir Reginald Maxwell:** I have replied that shoes are not included in the list of articles issued to "C" class prisoners. The rules have not hitherto provided for this supply, but the question of allowing shoes to prisoners in the Ajmer Jail is, as I said, under consideration.

**Mr. Lalchand Navalrai:** Is the Honourable Member in a mood at least to revise the jail rules and give this convenience to the prisoners?

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member has already said that the matter is under his consideration.

#### GRIEVANCES OF MUSLIMS IN THE DEPARTMENT OF EDUCATION, HEALTH AND LANDS.

**178. \*Maulvi Muhammad Abdul Ghani:** (a) Will the Honourable the Home Member kindly state if it is a fact that the Muslim Rights Protection Board, Lahore, pointed out to Government in appendix A to their representation that from 1925 to the date of the representation, 21 men were promoted or appointed to division I in the Department of Education, Health and Lands, of whom only one is a Muslim? Are these figures correct? If not, what are the correct figures?

(b) Is it a fact that in appendix B to their representation, they gave other instances of differential treatment to members of different communities in the Education, Health and Lands Department? Are those instances correct? If not, which particular instance is wrong?

(c) Is it a fact that in appendix C the Board gave instances of supersessions of Muslims by Hindus in the matter of promotion to posts of Assistant Secretary, Superintendents, Assistants, etc.? If so, to what extent is the statement correct?

(d) Has any Muslim been promoted to any post superseding a Hindu? If so, what is the name of the post?

**The Honourable Sir Reginald Maxwell:** This question should have been addressed to the Secretary in the Department of Education, Health and Lands

PROPORTION OF DIFFERENT COMMUNITIES IN THE DEPARTMENT OF EDUCATION, HEALTH AND LANDS.

**179. \*Maulvi Muhammad Abdul Ghani:** (a) Will the Honourable the Home Member please state if it is a fact that the Muslim Rights Protection Board in their representation to Government last year stated that in April, 1924, the proportion of the different communities in the Department of Education, Health and Lands was as under

Hindus and Sikhs . . . . .	52.5 per cent.
Muslims . . . . .	29.5 per cent.
Christians . . . . .	18.0 per cent.

(b) Is it a fact that in June, 1937, the percentage was as under.

Hindus and Sikhs . . . . .	72 per cent.
Muslims . . . . .	23 per cent.
Christians . . . . .	5 per cent.

(c) Is it a fact that between the period mentioned above, office promotions and recruitment of the various communities in the Department was as under

Hindus and Sikhs . . . . .	71 per cent.
Muslims . . . . .	12 per cent.
Christians . . . . .	2 per cent.

(d) If the above figures are not correct, will the Honourable the Home Member kindly give correct figures in each case?

**The Honourable Sir Reginald Maxwell:** This question should have been addressed to the Secretary in the Department of Education, Health and Lands

TREATMENT OF AN OFFICER OF THE GOVERNMENT OF INDIA AS A LENT OFFICER ON TRANSFER.

**180. \*Maulvi Muhammad Abdul Ghani:** (a) Will the Honourable the Home Member kindly state the rule under which an officer in one circle office on transfer to another circle office of the same department of the Government of India is called a lent officer within the meaning of rule 6. promulgated in Government of India, Home Department, Notification No. F.-9-19/30-Estab., dated the 27th February, 1932 (as amended from time to time)?

(b) If that is not a case of loan of service, how and under what conditions can a transfer be treated as loan of services for purposes of the above quoted rule?

**The Honourable Sir Reginald Maxwell:** (a) I am not aware of any such rule.

(b) An officer whose services are lent by one rule-making authority to another is a lent officer for the purposes of Rule 6 quoted by the Honourable Member. I may quote as an example an officer of the Provincial Civil Service of the Punjab lent for employment in Delhi.

#### **PARTIAL TREATMENT OF MUSLIMS IN THE DEPARTMENT OF EDUCATION, HEALTH AND LANDS AND ITS ATTACHED OFFICES.**

**181. \*Maulvi Muhammad Abdul Ghani:** (a) Will the Honourable the Home Member kindly state how the assurance of His Excellency the Viceroy to Mr. Jinnah that Government were fully alive to the necessity for safeguarding the legitimate interests of minorities, is proposed to be applied to the employees in the Department of Education, Health and Lands and its attached offices?

(b) Do Government propose to set up an inquiry committee with non-official majority to inquire into the instances of partial treatment brought to the notice of Government by the Muslim Rights Protection Board?

**The Honourable Sir Reginald Maxwell:** This question should have been addressed to the Secretary in the Department of Education, Health and Lands.

#### **INCONVENIENCES FELT BY THE INCOME-TAX ASSESSEES DUE TO NON-SUPPLY OF RETURN FORMS IN DUPLICATE.**

**182. \*Maulvi Abdur Rasheed Chaudhury:** (a) Is the Honourable the Finance Member aware of the inconveniences felt by the income-tax assesses, in not being supplied with duplicate copies of forms for Returns from Income-tax Officers in order to enable them to submit one copy to Income-tax Office and keep the other as office copy?

(b) Do Government contemplate supplying in future two copies of Return forms for the purpose to the assesses? If not, why not?

**The Honourable Sir Jeremy Raisman:** (a) No.

(b) Not as a matter of course, but if an assessee applies for an extra copy he will be supplied with it.

#### **NON-APPOINTMENT OF A SIKH AS A HIGH COURT JUDGE IN THE PUNJAB.**

**183. \*Sardar Sant Singh:** (a) Is the Honourable the Home Member aware that in spite of Government's clear and declared policy to make appointments in all the services in India on communal basis, no Sikh has so far been appointed as a Judge of the High Courts in India, and particularly in the Punjab?

(b) How many vacancies of the Judges in the High Court of the Punjab occurred during the last five years and what efforts were made at each time to appoint a Sikh Judge? If none, why not?

(c) Is he aware of the repeated representations from the Sikh community on the subject?

(d) Is he now prepared to consider the desirability of appointing a Sikh Judge on the High Court of Lahore in the next vacancy? If not, why not?

**The Honourable Sir Reginald Maxwell:** (a) to (d). The appointment of permanent Judges of the High Court is made by His Majesty, and of temporary Judges by the Governor General in his discretion. The subject-matter of this question is not, therefore, the concern of the Governor General in Council.

**Sardar Sant Singh:** Is it a fact or not that the recommendations are received from the Local Government by the Government of India and then the recommendations are made by the Government of India to His Majesty's Government?

**The Honourable Sir Reginald Maxwell:** No. It is not a fact. I have already replied to the Honourable Member's question saying that the matter is not the concern of the Governor General in Council.

#### RECRUITMENT AND PROMOTION OF WARRANT OFFICERS IN THE SUPPLY AND ORDNANCE BRANCHES OF THE ARMY.

**184. \*Sardar Sant Singh:** (a) Is the Defence Secretary aware that under the Indianization scheme a cadre of Warrant Officers in each of the Supply and Ordnance Branches of the Army was created?

(b) Is he also aware that the cadre of these Warrant Officers was divided into two grades, *e.g.*, Warrant Officers, Class I and Class II?

(c) Will he please state when the first recruitment was made in each Branch and how many men were recruited, and what is the present total strength?

(d) How many promotions have so far been made in each Branch from Class II to Class I and at what times?

(e) What conditions are to be fulfilled by a Warrant Officer of Class II before his promotion to Class I in each branch and what efforts were made by the Army Headquarters to afford facilities to the officers in each cadre?

(f) What are the reasons for slow promotions in any of the Branches and how is it proposed to bring that branch on par with the other Branches? If no action is proposed to be taken, why not?

**Mr. C. M. G. Ogilvie:** (a) and (b). Yes. The Royal Indian Army Service Corps has one cadre, and the Indian Army Ordnance Corps has two, *viz.*,

- (i) Military Assistant Storekeepers, and
- (ii) Technical Warrant Officers

(c) As regards the R I A S C., recruitment was first made in 1936 when 74 men were taken. The present number is 144

As regards the Military Assistant Storekeepers' cadre of the I.A.O.C., recruitment commenced in 1933 when six Indian other ranks were appointed from units. At present there are 54 in Class II.

The scheme for technical warrant officers of the I A.O.C. was started in 1937 with 21 probationers. The present numbers are:

Class I	.	.	.	.	.	.	.	.	.	10
Class II	.	.	.	.	.	.	.	.	.	33
Probationers	.	.	.	.	.	.	.	.	.	34

(d) 47 promotions were made in the Royal Indian Army Service Corps as follows

10 from 1st January, 1937.

10 from 1st April, 1937.

10 from 1st July, 1937

10 from 1st October, 1937.

7 from 15th October, 1938.

So far no promotions have been made from Class II to Class I in the Military Assistant Storekeepers' cadre of the Indian Army Ordnance Corps, as no warrant officer has yet qualified departmentally for promotion

Ten technical warrant officers have been promoted from Class II to Class I. These promotions took place after the transfer of this branch to the Indian Army Ordnance Corps.

(e) As regards the Royal Indian Army Service Corps, no special qualifications are laid down. Promotion is governed by seniority and fitness for the rank as certified by superior officers

The qualification for promotion of Military Assistant Storekeepers of the Indian Army Ordnance Corps from Class II to Class I is the passing of a prescribed departmental examination, courses for which are held at the Indian Army Ordnance Corps Training Centre, Jubbulpore. No Indian Warrant Officer has yet qualified for promotion to Class I

Those Technical Warrant Officers, who are recommended, are promoted to Class I in order of seniority, subject to a vacancy in that class

(f) In comparison with other services promotion has been rapid. The second and third parts of this question do not, therefore, arise.

**Mr. President** (The Honourable Sir Abdur Rahim) A lengthy answer like that ought to have been laid on the table.

#### ABSENCE OF SIKH OFFICERS IN THE GOVERNMENT OF INDIA SECRETARIAT.

**185. \*Sardar Sant Singh:** (a) Will the Honourable the Home Member please state the total number of Officers of different communities in the Government of India Secretariat belonging to different All-India Services?

(b) How many of such officers were brought on to the Secretariat during the last five years?

(c) Is he aware that there is not a single Sikh Officer in the whole of the Government of India Secretariat?

(d) Is he aware that there is a number of senior and junior Sikhs belonging to the Indian Civil Service and other services available for such appointment?

(e) Will he please state the efforts that the Government of India made during the past years, and they are now prepared to make to bring a sufficient number of Sikh Officers to the Secretariat? If not, why not?

**The Honourable Sir Reginald Maxwell:** (a) The total number of officers of the All-India services in the Government of India Secretariat (omitting Attached Offices) is approximately 55; of these 39 are Europeans and 16 Indians. Of the Indian Officers, 13 are Hindus and three Muhammadans.

(b) Of these 55 officers, all except 11 have been brought into the Secretariat within the last five years.

(c) Yes.

(d) No doubt there are some Sikh Officers who have the experience required for such appointments.

(e) No special measures are required. Sikh Officers of the requisite experience and ability may safely count on receiving full consideration of their claims when vacancies to the Secretariat are being filled.

**Mr. Lalchand Navalrai:** May I know if the promotions are given by seniority and by merit or on the communal basis?

**The Honourable Sir Reginald Maxwell:** The question of promotions hardly arises out of this question which refers to the number of members of All-India services in the Government of India Secretariat.

†186\*.

#### PERMANENT LOCATION OF STAFF OF BRANCHES OF THE ARMY HEADQUARTERS.

**187. \*Pandit Krishna Kant Malaviya:** (a) Will the Defence Secretary please state which of the Branches of the Army Headquarters are being permanently located in toto or in parts at Delhi and will not move up to Simla hereafter?

(b) What is the present total strength of each of such Branches and Sections and what number is being left behind in Delhi from the next move to Simla?

(c) Will he state whether it has been examined that the staff being taken to Simla for the summer 1940 is absolutely necessary? If not, is it proposed to be done now? If so, in what way?

(d) What are the circumstances for not locating any of the other Branches or more staff in Delhi and when it is proposed to curtail the move of the Army Headquarters to a minimum to effect savings to the Indian exchequer?

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†This question was withdrawn by the questioner.

- Mr. C. M. G. Ogilvie:** (a) None.
- (b) A statement is laid on the table.
- (c) Yes, it is absolutely necessary.
- (d) Does not arise.

*Statement.*

The total strength of Branches of Army Headquarters, etc., is as follows :

	Officers.	Clerks
General Staff Branch . . . . .	92	217
Adjutant General's Branch (including Medical Directorate) . . . . .	32	195
Quartermaster General's Branch . . . . .	45	126
Master General of Ordnance Branch (including A. D. G. S. P.) . . . . .	63	434
Engineer-in-Chief's Branch . . . . .	19	212
Military Secretary's Branch . . . . .	11	62
Headquarters, Air Forces in India . . . . .	33	93

The total strength of Branches of Army Headquarters to be left at Delhi is as follows:—

General Staff Branch Fauji Akhbar Section . . . . .	1	28
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**STAFF OF THE GOVERNMENT OF INDIA SECRETARIAT MOVING UP TO SIMLA.**

**188. \*Pandit Krishna Kant Malaviya:** (a) Will the Honourable the Home Member please state the number of each category of staff of the Government of India Secretariat moving up to Simla for the summer of 1940, and how many from each office are being taken up in excess of the original allotment and on what grounds?

(b) Was the possibility of bringing down this number to a minimum examined thoroughly? If so, how?

(c) What are the special circumstances on account of which some of the offices are moving up in full, some are moving more than half and some more than 20 per cent. of their strength, respectively; and cannot their number of staff moving to Simla be reduced? If not, why not?

**The Honourable Sir Reginald Maxwell:** (a) 178 officers, 429 clerks, Assistants and Superintendents, and 147 Stenographers will move to Simla during the summer of 1940. I lay on the table a statement showing the Departments and offices which have been allowed to take staff to Simla in excess of that agreed to in July last in view of work connected with the war.

(b) Yes, by departmental discussions.

(c) The only offices which are moving to Simla in full strength are those of which the staff is too small to divide between Simla and Delhi. The number of persons moving to Simla from the various Departments has been decided on the basis of the nature of the work of each Department, with special reference to the need for efficient and urgent despatch of business connected with the prosecution of the war. In view of this latter consideration, no further reduction is at present possible.



*Statement showing the Departments which have been allowed to take staff to Simla in excess of that decided in July, 1939.*

<i>Department.</i>	<i>Excess staff.</i>
External Affairs Department . . . . .	10 clerks and 1 officer.
Central Cypher Bureau . . . . .	7 clerks.
Political Department . . . . .	8 clerks.
Legislative Department . . . . .	3 clerks.
Reforms Office . . . . .	2 clerks.
Finance Department . . . . .	1 stenographer.
Central Board of Revenue . . . . .	2 clerks and 1 officer.
Communications Department . . . . .	5 clerks.
Civil Aviation . . . . .	2 clerks.
Commerce Department . . . . .	6 clerks and 1 officer.
Defence Department . . . . .	11 clerks.
Home Department . . . . .	6 clerks.
Principal Information Officer . . . . .	15 clerks and 4 officers.
Supply Department . . . . .	62 clerks and 14 officers.
Director General of Information . . . . .	3 clerks and 1 officer.
Chief Press Censor . . . . .	4 clerks and 1 officer.
War Transport Board . . . . .	8 clerks and 1 officer.
	155 clerks and 24 officers.

**Mr. Lalchand Navalrai:** May I know, Sir, when these offices will come back to Delhi, in what month?

**The Honourable Sir Reginald Maxwell:** It will be sometime in September, I think.

**Sir Muhammad Yamin Khan:** Do Government realise that a large number of the staff who have been accustomed for a very long time to spend their summer at Simla will not be able to discharge their duties so efficiently as they have been discharging at Simla, and the stopping of the exodus will greatly affect the efficiency of the Departments?

**The Honourable Sir Reginald Maxwell:** That seems to be a matter mainly of opinion.

#### FIRST DIVISION VACANCIES FILLED IN THE GOVERNMENT OF INDIA OFFICES.

†189. **\*Khan Bahadur Nawab Siddique Ali Khan:** Will the Honourable the Home Member kindly lay on the table a statement showing the number of vacancies and posts—both permanent and those likely to become permanent—in the First Division filled in the various Departments of the Government of India and their Attached Offices by promotion or transfer during the year ending the 31st December, 1939, and the communities of the candidates so appointed?

**The Honourable Sir Reginald Maxwell:** The information is being collected and will be laid on the table of the House in due course.

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†Answer to this question laid on the table, the questioner being absent.

**TEMPORARY THIRD DIVISION VACANCIES FILLED IN THE GOVERNMENT OF INDIA OFFICES.**

†190. \***Khan Bahadur Nawab Siddique Ali Khan:** Will the Honourable the Home Member kindly lay on the table a statement showing the number of temporary vacancies in the Third Division and the Lower Division (I A. C. C.) in the various Departments of the Government of India and their attached offices filled during the six months ending the 1st January 1940, otherwise than by the appointment of candidates nominated by the Home Department, and the communities of the candidates so appointed thereto?

**The Honourable Sir Reginald Maxwell:** The information is being collected and will be laid on the table of the House in due course.

**OFFICERS DEALING WITH ESTABLISHMENT MATTERS IN THE GOVERNMENT OF INDIA OFFICES.**

†191. \***Khan Bahadur Nawab Siddique Ali Khan:** Will the Honourable the Home Member kindly lay on the table a statement showing the communities of the assistants or clerks, superintendents, if any, the immediate officers-in-charge (*e.g.* Assistant Secretaries, Chief Superintendents, Administrative Officers, etc.) and the higher officers (*i.e.*, Deputy Secretaries) dealing with establishment matters in the Government of India Secretariat and its attached offices at the headquarters?

**The Honourable Sir Reginald Maxwell:** The information is being collected and will be laid on the table of the House in due course

**VACANCIES OF PEONS FILLED IN THE GOVERNMENT OF INDIA OFFICES.**

†192. \***Khan Bahadur Nawab Siddique Ali Khan:** Will the Honourable the Home Member kindly lay on the table a statement showing the number of peons' posts and vacancies (permanent and temporary, separately) filled during the year ending 31st December, 1939, in the Government of India Secretariat and attached offices and the communities of the men appointed thereto?

**The Honourable Sir Reginald Maxwell:** The information is being collected and will be laid on the table of the House in due course.

**RESTRICTED ADMISSION OF CANDIDATES TO THE INDIAN AUDIT AND ACCOUNTS SERVICE EXAMINATION.**

†193. \***Khan Bahadur Shaikh Fazl-i-Haq Piracha:** (a) Will the Honourable the Home Member kindly state how many candidates applied for admission to the Indian Audit and Accounts Service and allied services examinations in 1939, how many were admitted by the Federal Public Service Commission, and how many actually took the examination?

(b) How do these figures compare with those of the preceding two years?

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†Answer to this question laid on the table, the questioner being absent

(c) Are Government aware of the fact that there is a strong feeling that the existing system of restricted admission defeats the object of open competition?

(d) If so, will Government kindly state what action they propose to take to remedy this defect?

**The Honourable Sir Jeremy Raisman:** (a) 850 candidates applied for admission, 328 were admitted, and 187 actually took the examination

(b) The corresponding figures for 1937 are 632, 315 and 167 respectively, and for 1938, 750, 289 and 174 respectively

(c) Some complaints against the system have come to the notice of Government, and are under consideration.

(d) The question is under active consideration, but I am unable to make any statement at this stage.

#### ASSISTANTS AND CLERKS IN THE CASH BRANCHES OF THE GOVERNMENT OF INDIA OFFICES.

+194. **\*Mr. M. Ghiasuddin:** Will the Honourable the Home Member be pleased to state:

(a) the number of Assistants, Second Division clerks and routine clerks employed in the Cash Branches of various Departments of the Secretariat, and the total number of officers and staff for which they have to cater, *vis-à-vis* the Supply Department; and

(b) the number of Muslims in these sections?

**The Honourable Sir Reginald Maxwell:** The information is being collected and will be laid on the table of the House in due course.

#### UNSTARRED QUESTIONS AND ANSWERS.

##### IMPOSITION OF CIRCUMSTANCES AND PROPERTY TAX ON PERSONS SERVING UNDER THE CENTRAL GOVERNMENT BY DISTRICT BOARDS IN THE UNITED PROVINCES.

**36. Mr. Umar Aly Shah:** Will the Honourable the Finance Member please refer to Notification No. 311-S., dated the 16th December, 1920, and state the item of Schedule II of the Scheduled Taxes Rules under which a tax on pay and allowances of a person in the service of the Central Government can be imposed by a local body merely on the ground of that person residing within the area of that local body?

**The Honourable Sir Jeremy Raisman:** Presumably the Honourable Member has in mind a "tax on circumstances and property" levied by some of the local bodies. If so, I would refer him to the reply given by me to unstarred question No. 17 on the 14th February, 1940. If, however, the reference is to a tax on trades, professions and callings, his attention is invited to item 9 of Schedule II of the Scheduled Taxes Rules.

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+Answer to this question laid on the table, the questioner being absent.

**IMPOSITION OF CIRCUMSTANCES AND PROPERTY TAX ON PERSONS SERVING UNDER THE CENTRAL GOVERNMENT BY DISTRICT BOARDS IN THE UNITED PROVINCES.**

**37. Mr. Muhammad Azhar Ali:** Will the Honourable the Finance Member please refer to section 80A(3)(a) of the Government of India Act, 1919, and state the number and date of the notification under which the previous sanction of the Governor General was given to the imposition of a 'Tax' on pay and allowances of the services under the Government (termed as "Circumstances and Property Tax" while residing in rural area of a District Board) by the Provincial Legislature of the United Provinces of Agra and Oudh?

**The Honourable Sir Jeremy Ralsman:** The previous sanction of the Governor General was given in an official letter to the Government of United Provinces and not under a notification. I would, however, point out that a "tax on circumstances and property" is a tax on persons assessed according to their circumstances and property and not a tax on pay and allowances of the services as the Honourable Member seems to suggest.

**STATEMENTS LAID ON THE TABLE.**

*Information promised in reply to parts (a) to (e) of starred question No. 222 asked by Shaikh Rafiuddin Ahmad Siddiquee on the 19th September, 1939.*

**INDIAN STALLS AND EUROPEAN REFRESHMENT ROOMS ON THE ASSAM-BENGAL RAILWAY**

(a) The income from the refreshment rooms and stalls was as follows:

	1936-37.	1937-38.	1938-39.
	Rs. a. p.	Rs. a. p.	Rs. a. p.
Indian refreshment rooms and stalls . . . .	16,614 0 0	21,409 8 0	21,729 5 0
Upper class refreshment rooms . . . .	73 13 0	84 12 0	85 7 0

(b) The expenditure incurred by the Railway during the same period was as follows

	1936-37.	1937-38.	1938-39.
	Rs. a. p.	Rs. a. p.	Rs. a. p.
Indian refreshment rooms and stalls . . . .	7 244 0 0	20,801 0 0	5,590 0 0
Upper class refreshment rooms . . . .	228 0 0	63 0 0	8,607 0 0

(c) It is not possible to give an accurate estimate of their financial value.

(d) Certain relevant conditions of the contracts are common to both, but not all of them.

(e) As upper class refreshment rooms have little custom the revenue from sales does not permit payment for facilities to the same extent as by the Indian refreshment rooms and stalls whose turnover is large and whose profits are substantial.

*Information promised in reply to starred question No. 31 asked by Mr. Lalchand Navalrai on the 8th February, 1940.*

# CALLING OF ALL THE PARTNERS OF A FIRM TO APPEAR BEFORE THE INCOME-TAX OFFICERS IN SIND

The reply is in the negative in so far as the firm's return of income is concerned. Under section 23 (5) of the Act partners of registered firms, and those of unregistered firms in certain circumstances, are assessed separately. In such cases the partners are asked to attend for their individual assessments in case the Income-tax Officer finds their presence necessary to ascertain their correct income.

## THE RAILWAY BUDGET—LIST OF DEMANDS—*contd.*

### SECOND STAGE—*contd.*

#### DEMAND NO. 1—RAILWAY BOARD—*contd.*

#### *Grievances of Railway Employees—contd.*

**Mr. President** (The Honourable Sir Abdur Rahim): The House will now resume discussion of the Railway Budget and deal with the Demands for Grants. We will take up Mr. Joshi's motion No. 2.

"That the demand under the head 'Railway Board' be reduced by Rs 100."

**Lieut.-Colonel Sir Henry Gidney** (Nominated Non-Official): Sir, when we adjourned on Saturday, I was discussing the question of Railway passes . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member has ten minutes more.

**Lieut.-Colonel Sir Henry Gidney**: On Saturday, when we adjourned, I was discussing the question of railway passes, and I have very little to add further on that matter except to say that my friend, Mr. Joshi, was wrong because the inferior servants have now been given their passes. Sir, I now want to say a few words about retired railway servants. It seems that retired officers get, after 25 years' service, three passes on all lines, whereas subordinates, even if they have put in 30 or 35 years' service, get less. I cannot understand this continued distinction between subordinates and officials.

The next point to which I desire to refer is the question of Provident Fund. The Honourable Member for Communications said that if Provident Fund were granted to the inferior staffs, it would be a recurring item of expenditure. Surely, the Lee concessions, which are still being continued in spite of the public demand for economy in expenditure, are also a recurring item of expenditure, and I would ask the Honourable Member in charge to consider the question of granting Provident Fund concessions in that light.

Then, Sir, there is another point on which I should like briefly to touch regarding the employees at the Manmad Bridge Engineering Depot. Why is it that all the subordinates employed there are temporary employees even

[Lt.-Colonel Sir Henry Gidney.]

though they have put in 15 and 18 years' service, while all the officials, even those recently recruited, are all permanent, the contrast is very marked.

I now come to the next point, and that is about the Foremen on the North Western Railway. The North Western Railway suddenly awakened a few years ago to the fact that they had inefficient Assistant Foremen and wanted to import ten Foremen from England, I protested against this and demanded that an advertisement be put in the press. This was done and to my utter surprise I was told that not a single man in any community in the whole of India was found qualified for the job, and yet, the European engineering firms in India rely on India and recruit their Foremen in India for their skilled work. Sir, I refuse to believe that India is absolutely bereft of skilled Foremen, especially when we know that, for years, Indian and Anglo-Indian Assistant Foremen have officiated in these Foremen appointments very efficiently. Sir, I consider this not only to be very very unjust and contrary to what one is told to believe as British justice on Railway Administrations, but an insult to India. The time has come, indeed has long past when Indian Railways, if they desire to train people here, must train them as efficient men fit to fill all these appointments. The time has also come when we should stop this unnecessary and unjust importation of such employees from England. Sir, we have stopped importation for other employees, e g., guards, firemen, and drivers. I ask why was it necessary for the North Western Railway alone to import Foremen from abroad, when there was an abundance of suitable material in this country? But what is the hardship on employees recruited in India? The hardship is this? These men, who come from England at an average age of 30 years, remain in the country and they are placed in the seniority list above the heads of all the senior men who, for years, have been waiting for promotion to Foremen. This is not only absolutely unfair but unjust and can no longer be tolerated by India. I say if you introduce new machinery, bring out your new men from England, let them train our men and go back after three or five years service, but why allow them to remain here for life as senior to the seniormost men in this country and so block them utterly for further promotion. This is un-British as we are taught to interpret this word.

I now come to what I consider to be a very important matter referring to the community I represent in this House. I, therefore, ask the Honourable Member for Communications to be so kind as to listen to me,—I refer to Anglo-Indian communal representation in subordinate services of Railways. I feel I must voice my protest against the manner in which the provision made for the reservation of appointments for Anglo-Indians are being put into effect. Prior to the orders issued in accordance with the Home Department Resolution of the 4th July, 1934, recruitment of Anglo-Indians to the subordinate grades of Indian Railways was in the region of 12 per cent per annum. Subsequent to the passing of these orders, however, it was reduced by about one third, that is, brought down from 12 per cent. to 8 per cent. I submit this was not the intention of fixing the minimum percentage of recruitment at 8 per cent. The object behind prescribing a minimum percentage is to ensure that the community does not get anything less than that minimum and it is certainly not the view of the Government that Anglo-Indians should not be given more than that minimum percentage of posts. In the case of other communities,

however, this ruling apparently has not been so strictly interpreted, for instance, I am glad to see that although only 25 per cent. of posts were reserved for Muslims, recruitment of Muslims, since the 1934 Resolution, has invariably stood at 30 per cent.—1/5th more than the minimum . . .

**Mr. Muhammad Nauman** (Patna and Chota Nagpur *cum* Orissa: Muhammadan). What did you say about Muslim representation?

**Lieut.-Colonel Sir Henry Gidney**: I am sorry you did not hear me. I said that although 25 per cent. of posts were reserved for Muslims, recruitment of Muslims, since the 1934 Resolution, has invariably stood at 30 per cent.—1/5th more than the minimum and this proves my point.

**Mr. Muhammad Nauman**: It ought to be so, but it is not so

**Lieut.-Colonel Sir Henry Gidney**: My criticisms are devoid of any hostile feelings to my Muslim friends. On the State Railways Anglo-Indian recruitment has always been below 8 per cent. during the years subsequent to 1934-35 (it being only 6.48 per cent. during 1938-39), and were it not for the fact that recruitment on Company-managed Railways continued to be at a reasonable level, the over-all percentage of Anglo-Indian recruitment to Indian State Railways would have been far below the minimum prescribed by the Home Department Resolution of July 4th, 1934, and this despite the fact that the South Indian and the Madras and Southern Mahratta Railways do not follow the Resolution of the Home Department of July, 1934, but exercise this percentage according to the gyratory movement inaugurated when the Justice Party was in power in Madras.

The recruitment figures for 1938-39 are still more alarming than those of the years previous. Whereas during the years 1935-36, 1936-37 and 1937-38 Anglo-Indian recruitment to Indian Railways was 8.33 per cent., 8.7 per cent. and 9.2 per cent., respectively, during 1938-39 it is down today to 7.6 per cent.—far below the amount adumbrated in the July Resolution of 1934.

The fact that prior to 1935-36 the railways were able to recruit as much as 12 and 13 per cent. of their subordinates from the Anglo-Indian community is proof that the necessary material is available in the community and it is only the policy governing the recruitment which has contributed to the lower figure of recruitment. The policy apparently is this: There is a feeling among recruiting authorities that there is no need to—and in some cases that they should not—recruit more than the minimum prescribed for the Anglo-Indian community, while, in the case of other communities, there seems to be no such discrimination. I make one exception and that is the Indian Christian community which is very badly represented on all Railways and needs rectification. The other difficulty is in view of the fact that distribution by categories of posts has not been clearly laid down and when the number of vacancies to be filled cannot be divided into exact proportions, the recruiting authorities are likely and do, in fact, err on the side of liberality towards communities other than the Anglo-Indian, because there is still the feeling among certain sections of officers on Railways that Anglo-Indians already have a large proportion

[Lt.-Colonel Sir Henry Gidney]

of posts on Railways In this connection I feel I must add that when an Honourable Member in the other place talked about Anglo-Indians as being superfluously employed and paid, he talked from the back of his hat, I mean Pandit Hridayanath Kunzru who knows as much about railways as he knows about flying and this is Nil. This belief is a myth which it would be well to explode. I submit that the rate of Anglo-Indian retirements from railways is definitely higher than the rate of Anglo-Indian recruitment to the initial grades In any case the policy which has influenced the recruitment of members of the community during the past five years (that is, years subsequently to 1934-35)—indeed from 1929, has tended to discourage Anglo-Indians greatly The effect of this will perhaps be realised in course of time and when that time comes (although signs are not wanting even now) others may appreciate—may be too late in the day—the need and the utility of the Anglo-Indian in the services with which he has been associated in the past and has materially helped to build up.

I have represented this and other matters connected with it to Mr. D'Souza who has been appointed as Officer on Special Duty to enquire into this matter generally (no doubt with particular reference to the Muslim community). I would appeal to the Government to give my observations their due and sympathetic consideration

Talking of communal recruitment, the Anglo-Indian community is specially interested in the matter of the distribution of the over-all percentage not by provinces or areas (as is necessary in the case of Muslims), but by categories of posts. Although the Government of India, in the Railway Department, issued the necessary orders for the distribution of the posts in this manner as far as the recruitment of the Anglo-Indian community is concerned, it is, today, admitted that several railways do not find it possible to carry out this order. We have been repeatedly demanding information on this question of distribution, but we were time and again assured that the Government had satisfied themselves that the provisions made for the recruitment of Anglo-Indians have been complied with And, yet, in 1939, five years after the original order was issued, it was admitted by the Government that several railways did not find it practicable to put those orders into effect. I submit, in the circumstances, Government cannot, with any justification, assert that the provisions made for the Anglo-Indian community have been carried out even at the bare minimum.

If correct distribution by categories did not take place in 1934 it is practically useless to start it now on the basis of the figures obtaining after the tremendous deterioration in the position of Anglo-Indian employment which has taken place during the past decade. For, during these years, owing to the stress of unemployment and the change of Government's policy, many Anglo-Indians, rather than starve, were compelled to seek any post in any category irrespective of whether his forefathers were associated with that branch of service or not. I contend their association in the past with particular categories of posts contributed in no small measure to the efficient working of administration and I venture the view that many experienced railway officials will agree with this observation. It is, therefore, not always a one-sided affair, although it may appear so to some uninitiated people.



In any case, if the Government and the community are to check and find out whether or not the provisions made for the protection of the employment interests of the Anglo-Indian or any other community are being fully given effect to, figures of such distribution (prescribed and actual) should be made available to those organisations, Unions and Associations who are interested in various questions affecting the community.

This is a matter of very great importance to my community to which I should beg the Communications Member to give his careful consideration. I am not asking for much. I am asking for what I have been given and am entitled to and nothing more. I shall, therefore, ask the Honourable Member to see that matter honestly, fairly and squarely considered, irrespective of what others may think that it may be a privileged position or whatever they may call it—I care not—I regret—give me what I have been promised—what I am due—do not cut it down, and let not people who are ignorant of facts as Mr. Kunzru grumble that we have a superfluity of appointments and percentages which we certainly have not. On the contrary of which we have been deprived.....

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member has finished his time.

**Lieut.-Colonel Sir Henry Gidney**: I just wish to say one more word . .

**Mr. President** (The Honourable Sir Abdur Rahim): No. The Honourable Member has exhausted his time.

**Dr. Sir Ziauddin Ahmad** (United Provinces Southern Divisions: Muhammadan Rural): I do not want to detain the House very long, but I just want to draw the attention of the House to one or two points. The first thing I want the attention of the House to is the system of appeals that is prevalent in the railway department, and in that connection I would refer to the speeches delivered by my Honourable friends, Sir Henry Gidney and Sardar Sant Singh, in 1934, which have now become classic. (Inter-ruption). I have quoted them *in extenso* in my book. In those speeches they have drawn a picture of the manner in which these appeals are heard in the Railway Department. There are only two solutions to this question and I hope that in his leisure moments the Honourable the Communications Member will think over them. The first suggestion of mine is that a department of appeals should be created and it should be under a person who has got a judicial mind. His rank should be that of Deputy Agent (Appeals). He may be drawn from the Railway Department or the Indian Civil Service or any other service, but he should be a person who is accustomed to listen to appeals with a judicial mind. We have plenty of examples, and I think, Sir Muhammad Zafrullah Khan himself when he was the Member in charge had a case before him in which it was completely proved that officers never read the appeals which were submitted to them and their replies were given in a haphazard manner. I have also an alternative suggestion, follow the example of South Africa and Australia. That is, have a panel of ten persons, five of whom are representatives of the employees and five, representatives of the railways, with a police magistrate as the chairman, and the appeals are always submitted to a panel drawn from these eleven persons. One of these two methods will have to be adopted in order to avoid the existing difficulties and to satisfy the staff.

[Dr. Sir Ziauddin Ahmad.]

The next point I want to draw the attention of the House to is this. I have got before me a large number of these printed pamphlets about the grievances of Muslim employees. I do not want to dilate upon them but the difficulty is there and I should like to place that difficulty before the Honourable Member for him to find a solution. Here are the grievances, rightly or wrongly. Individual members cannot present them before the officers because they are afraid of punishment or demotion. Unions are not recognised, so they cannot represent their grievances to the authorities, and if any Member of the Legislative Assembly draws attention to the grievance, then the employee concerned gets a rebuff. Therefore, please suggest some method by which these employees may present their grievances. The Communications Member will soon find out—as His Excellency has now found out in general politics—that your All-India Federation does not represent the majority of the railway employees. It represents only a very small portion. There are a large number of other people, Muhammadans, Anglo-Indians, Christians, and also Hindus—large numbers of people—who do not belong to the Federation at all.

**Mr. Lalchand Navalrai** (Sind: Non-Muhammadans Urban): Let them join the Federation.

**Dr. Sir Ziauddin Ahmad:** In the same manner as Muslims ought to have been in the Congress but, unfortunately, they are not. This is a fact. It is rather unfair to shut out a large number of people and say that they should have no method of representation at all. You cannot shut your eyes to political facts. You must take the country as it is and not as it ought to be. There is no use of shutting your eyes against grievances which other people have. Very often Muslim subordinates have got grievances against their Hindu officers and the Federation cannot do anything in that case.

**An Honourable Member:** And *vice versa*.

**Dr. Sir Ziauddin Ahmad:** Yes, and *vice versa*, but you have got the Federation and we have not. I do not want to say what should be done, but some method ought to be found by which the grievances of the employees can be heard by people who are absolutely disinterested and can bring to bear upon the question a fresh mind.

The next point I wanted to refer to is the condition of the ticket checking staff about which I have already made a representation and I would take this matter with the Honourable Member later on. With these words, I resume my seat.

**Mr. M. S. Aney** (Berar: Non-Muhammadan): The point which my Honourable friend, Dr. Sir Ziauddin Ahmad, has touched is an important one and there should be some arrangement for giving a hearing to the grievances of the employees, and the present system of disposing of appeals is very unsatisfactory. On that point there is no difference between him and any other Member of this House. In fact, it is notorious that the usual tendency of the department in regard to appeals is practically to leave matters where they stand on account of the decisions arrived at by the original officers in charge of affairs, and there is little chance of their grievances being properly considered by an appellate court, unless there is

some change on the lines suggested by Dr. Sir Ziauddin in the personnel of those who are entrusted with the duty of hearing these appeals or the machinery of the appellate authority. As regards the other point which my friend mentioned, namely, having some machinery for the sake of hearing the grievances of the employees, I really fail to understand where the difficulty comes in if all the employees join in one common Federation. The Federation is not a communal body. The Federation is a combination of workers for the sake of fighting out their common grievances and making representation about that to the authorities concerned. If there is any place where communalism has least chance or scope, it is that place and I believe that if we have to make some effort to rid this country of this evil of communalism, at least in the matter of the work relating to these labourers, we must see that they make proper combinations based on common trade or business and forget their communal colours and come together and work for the common cause which they have all in mind. It is true that today there are certain communities and kinds of employees who are not in the Federation. An attempt should be made to see that they join the Federation and they should not be encouraged to keep themselves aloof from this combination. By this separatist tendency we leave the Federation itself powerless. We do not allow it to become strong and, at the same time, the groups that remain outside cannot become strong. Therefore, our attempt should be in the direction of persuading these men or groups who remain outside the Federation to come into the Federation and collectively ventilate their grievances, irrespective of any considerations of party, sect or colour. If they do that we shall have no need to appeal to the Honourable Member in this House to find out some machinery. The machinery which exists will become so powerful as to compel the Government to grant justice to them. That is the proper way to do the work. That is how I feel. These are the few remarks which I wanted to make.

**Sir Abdul Halim Ghuznavi** (Dacca cum Mymensingh · Muhammadan Rural). Mr. President, my Honourable friend, Sir Ziauddin Ahmad, has already stated that we, Muslim Members in this House, receive almost daily pamphlets after pamphlets from the Muslims who are in the service of the Railways stating their various grievances and, as he pointed out correctly, it is very difficult to find any solution for this state of affairs. Firstly, if an Honourable Member of this House takes up those things and goes to the Member in charge in the Railway Board who can redress these grievances, the very first thing that will happen is this. If information is received from a person or a particular body, he or they will be immediately taken to task. They will be told: "Why have you brought this to the notice of a Member of the Assembly". Secondly, the Railway Board will say: "This is an interference with our domestic work. This is not the business of a Member of the Legislative Assembly. You are there to lay down broad principles. We are here to work them out. Who are you to bring to our notice these things, for which we are solely responsible". That is the answer that is usually given when the Member who is in charge of the Department is approached. But now, I know we will not get that kind of answer. We will get a very sympathetic hearing. Because Sir Andrew Clow is at the helm of the administration of the railways and we Muslims believe that if we can bring to his notice the legitimate grievances of the Muslims, after testing them, he will redress them. One of the most important things which I want to discuss on the floor of the House today is

[Sir Abdul Halim Ghuznavi.]

the recruitment of Muslims in the service of the Railways. In 1929, the first time that I mooted this matter, I said that Muslims were not represented in the railways in the proportion that they should be.

**The Honourable Sir Andrew Clow** (Member for Railways and Communications). I am loath to interrupt my Honourable friend, but I believe there is a cut motion coming up later on on this very subject and, if so, it would save the time of the House if the Honourable Member desisted from discussing it at the moment.

**Sir Abdul Halim Ghuznavi:** I thought I may not get the time. I will not take up the time of this House now but I will leave this for that cut motion when it comes up.

**The Honourable Sir Andrew Clow:** Sir, it is a little difficult for me to reply to all the points that have been raised within the time at my disposal, because this has not been a cut motion on any single subject. An immense range of questions has been covered, relating to railways all over India. I shall do my best to deal with the more important points so far as I am informed on them. I want to begin with a point of Mr. Joshi's, which he put 7th or 8th on his own list, presumably putting them in order of importance, but to which I accord a higher place because its implications are so far-reaching. I am referring to the question of increased wages.

Mr. Joshi made no attempt to refute the suggestion that I made in my opening speech that prices had not yet risen to the levels they had when the bulk of the present rates were fixed and even in regard to the new rates of pay to which he alluded, I think I am right in saying that so far as the lower paid men are concerned, the reductions made were generally small and in many cases no reduction was made at all. Indeed, I think Mr. Joshi admitted by implication the truth of what I said, because his plea really was not that workmen are now worse off than they were but that the standard formerly prevailing was not sufficiently high. In other words he was pleading not for any war allowance to meet the present emergency but for a general increase in wages, all round, which is to be of a permanent character. Now, I dealt in a previous speech with the argument that we should define what you mean by standard of comfort and that we should then assure to every railwayman sufficient wages to secure that standard. Quite frankly, put in that way, it is quite impossible. It means that, whatever the aggregate amount of services and of commodities available, and whatever the population that has to share in that quantum, railwaymen or perhaps Government servants generally must have their share first, and it must be a fixed share, irrespective of what is left for anybody else. That is not a position which we can accept. Actually as I tried to show earlier, quite apart from the restoration of the ten per cent. cut, railwaymen in the non-gazetted grades generally have on the average got a ten per cent. increase in the last ten years. As I said, we are at all times ready to consider any reasoned statement of the position and if there are any special cases of hardship we shall look into those cases carefully. But what I am not prepared to accept as a reasoned statement of the case is the plea that merely because in the last few months the prices of commodities have risen, the case for an allowance is, therefore, proved. I would warn the House that there is another thing that cannot be ignored and that is the position of the community generally. Any appreciable increase in wages which is of a general character must almost inevitably involve a further increase in wages which are paid elsewhere, and if

we ever attempted to forget that, I am sure the House would very quickly remind us of its importance.

To come to another point, Mr. Joshi put to me some questions about the provident fund and I think that was raised also by Sir Henry Gidney. Sir Henry Gidney said that I had laid stress on the fact that it was a permanent concession. Quite true; what I was trying to emphasize was that while Mr. Joshi had said that next year you expect a sufficient surplus to give everybody the provident fund, the point I was making was that I could not look at the position of only one year when temporary profits, due to war, might accrue. I had to be assured that the Railways would be able to meet those concessions not for one year but for thirty,—and that I think, my Honourable friend, Sir Henry Gidney, will recognize is a very important consideration.

**Lieut.-Colonel Sir Henry Gidney:** Why not give it during the duration of the war only?

**The Honourable Sir Andrew Clow:** You cannot give the provident fund concession for a year or two and then withdraw it. That is quite impracticable. If I have got to give certain men a certain amount of provident fund concession, I may be able to withdraw it from their successors, I may be able to say "on account of a difficult position we shall withdraw it from you" but we can hardly withdraw it from men who have once enjoyed it.

**Lieut.-Colonel Sir Henry Gidney:** I am sorry, Sir, I thought you were talking of the ten per cent. war allowance.

**The Honourable Sir Andrew Clow:** Then Mr. Joshi asked, "are you going to give it to men by categories, and how much are you going to give?" We should be doing a very poor compliment to the Federation, Sir, if we made up our minds beforehand and only consulted them afterwards. We hope to have the advantage of their advice. I made it clear in my opening speech that the amount must depend on other claims. If we find that there are no other claims to which priority should be given, then we have a sum of approximately twelve lakhs set aside. I would remind the House that the grant of the provident fund means on the whole an increase in a man's pay of about eight per cent. So far, at any rate, as we are concerned, that is the equivalent that we have to give, at present rates.

Then, still dealing with general questions, a few questions were put about passes. Mr. Joshi suggested, "why not equalize them all round? Why have a distinction between officers who have very few children and subordinates who have an immense number?" I should have thought there is a case for giving more passes to those with very few children rather than to those with many children,—because it costs us less. The trouble—and I think Sir Henry Gidney also referred to the lack of uniformity in other rules—is that we find, in practice, that the demand is almost always to equalize upwards when we want to equalize downwards. It is an extremely difficult matter. We are, I may say, trying, as far as we can in the matter of these rules to which Sir Henry Gidney referred, to introduce uniformity gradually; but the point is that labour as a rule fixes its gaze on the very best series of rules and tends to say, "now bring everybody up to that standard". If we could equalize downwards or cut down at the top and raise at the bottom, it would obviously be desirable, in some cases, but, normally, people at the bottom appreciate a rise much less than the people at the top feel the hardship.

[Sir Andrew Clow.]

Then, various criticisms were made on matters of promotion. I take it rather as a tribute to the Railways that so much stress should be laid on this point. I cannot help feeling that if in private employment men made it a grievance that they had been for a number of years on the same pay, they would not get a terrible amount of sympathy; they would be told that they were doing the same work which is worth so much to the employer. The very fact that an enormous number of men on the Railways have come to expect periodical increments, or periodical promotion is surely a tribute to the type of career that we offer, but, obviously, we cannot guarantee to everybody continuous or even intermittent promotion. There have been undoubtedly some cases of hardship. Mr. Joshi referred to block in the locomotive staff on the North Western Railway, and Sardar Sant Singh referred to a block in guards and in the commercial staff. Now, these do not all stand on the same footing, though Sardar Sant Singh was perhaps under the impression that they do. The block, so far as I understand it, in the case of the locomotive running staff and the block in the case of guards are due to alterations made in the cadre in recent years, and in some cases these undoubtedly have had the effect of retarding promotion. We looked recently, I think, into the case of the locomotive running staff and a number of supernumerary posts, I think thirty to forty, were created very recently with a view to easing the situation. I am prepared to examine the case of the guards, for I feel that in their case, undoubtedly, the prospects have been definitely deteriorating in the last few years. That is partly due to retrenchment which is not a matter which I would regard as giving rise to a legitimate grievance, but it is also partly due to a certain amount of degrading and I can promise Sardar Sant Singh that that matter will be examined.

The position of the clerks stands in quite a different category, for here I do not think there has been any degrading at all. What, as far as I can see, happened was that in the Accounts Branch two grades were amalgamated and the cry arose, "let us amalgamate the two grades here also". In fact, I have seen some demands from these clerks which are estimated to cost thirteen lakhs a year, more than one new provident fund provision throughout India. The grades in the Accounts Branch were overlapping, and the grades, I believe, as regards the other clerks are not, and therefore, there can be no question of amalgamation. We cannot, without any change of duties, give all clerks the right to rise from one grade and go automatically into another, and so I do not feel that this stands in the same category. But the question is still being examined. I have not come to any final conclusions but I should be raising false hopes if I suggested that any large concession was likely to be given in this direction. It might be possible to do a little to ease the position of those who are at the top and who for a long time have received no promotion and have no prospects of any, but that I think would only benefit a few people at the top.

Then Mr. Joshi referred to the short time at Kharagpur—a rather familiar subject. If I heard him rightly and I was rather shocked, he said he had tried to get a strike up on the subject, there suggesting that the men should ask for more pay and not for more work and that the men, all credit to them, refused to take that method. Actually, short time was introduced as a means of avoiding what both the men and the Administration felt would be a greater hardship and that was a reduction of staff. As regards Saturday working for a half day which my friend is pleading for, I believe

it has already been restored as regards every alternative Saturday, and there is a possibility—I won't go further than that—of going a little further

Then Sardar Sant Singh raised rather a difficult and quite important question when he referred to his own experience as presiding over an unrecognised Union. He applied for an interview with the General Manager to discuss its conclusions and grievances and the General Manager declined to see him. Then, I gathered, he put on a different suit and said: "I am no longer Sardar Sant Singh, President of this Union, but I am now Sardar Sant Singh, M.L.A. and I want to discuss the question with you. So, please let me be in by the other door." The General Manager again refused to see him. I believe they had some conversation later.

**Sardar Sant Singh** (West Punjab : Sikh) : I have had no conversation with the General Manager so far.

**The Honourable Sir Andrew Clow** : It may sound a little difficult to say so, but I cannot help feeling that the General Manager was right. The point really is this. We have certain rules for the recognition of Unions. We ask certain Unions to apply with certain conditions and we say that those who apply with those conditions will be able to put forward the cases on behalf of the men. Now, if an unrecognised Union can appeal to a sympathetic M.L.A. and says : 'You come and be our President and then go to the General Manager', that is circumventing the whole object and purpose of the rules. It is giving to an M.L.A. rather than to ourselves a right to say when we should recognise the Union. If the General Manager is to receive Sardar Sant Singh and listen to the grievances of an unrecognised Union, he is doing precisely—and a little more—what he would have done in the case of a recognised Union, which has to come through the ordinary channel. I am quite sure if the Sardar Sahib had had a personal complaint, if he had something affecting himself and was not seeking an interview as a representative of an unrecognised Union, the General Manager would have been very glad to see him or to pass him on to an officer who was more competent to deal with his complaint.

**Mr. M. S. Aney** : May I just ask the Honourable Member one question? Suppose an M.L.A. had to say something about the very fact of non-recognition of this Union and wanted to represent the matter to the General Manager, would it be proper for the General Manager to refuse to see him?

**The Honourable Sir Andrew Clow** : I think the proper course for the Union is to apply for its recognition in the ordinary way.

**Mr. M. S. Aney** : That is another matter. Would it be proper for the General Manager to refuse to see the M.L.A. if he wanted to represent these facts personally to him and to show that his previous conduct in the matter was not satisfactory? If I want to make a representation to this effect to the General Manager and say that I want to see him, not as the President of a particular Union, but as an M.L.A. representing a particular constituency, would it be proper for the General Manager to refuse to see me?

**The Honourable Sir Andrew Olow:** I think the Honourable Member is putting a question to me which if it were put at question time the Honourable Mr. President would say was hypothetical.

**Sardar Sant Singh:** May I just add a word? My complaint was about the delay in recognising the registered Association especially when it had complied with the rules of the Department.

**The Honourable Sir Andrew Olow:** I am personally willing to call the General Manager's attention to that point and I will make an inquiry if there has been delay and no reply was sent.

Trying to select from a number of other points the more important ones, there was a reference made by Sir Henry Gidney to the recruitment of European foremen. It is not a new matter. It really arose last year and it was discussed by the Central Advisory Council for Railways at its September meeting. I can only assure him that in this case I looked personally into the matter why there were difficulties in getting these new foremen. I am afraid there is very little probability of anything like that being repeated in the next few years because we are not likely to get the men. Even if we find difficulty in getting Indians, we are not likely to get men from England either. Then he referred to the Anglo-Indians and suggested that they were not getting their proper quantum of posts. As he knows, there is an officer on special duty, with whom, I gather, he is in touch; and I am sure that if the terms of the Resolution are not being carried out, Mr. DeSouza will bring that fact to light.

Then, the discussion went on to certain other communal issues and Dr. Sir Ziauddin appealed to me to devise some machinery by which the Muslims could put forward their grievances. I was not able to gather quite how the Muslims were suffering in this particular respect.

**Mr. Muhammad Nauman:** In the case of the Muslim Unions, the plea is always put forward that it is a communal affair and that one door has also been shut against them. We do not know what other door we should knock.

**The Honourable Sir Andrew Olow:** If the Union is purely communal, then the action was probably in accordance with the policy of the Government.

**Mr. Muhammad Nauman:** But we have been denouncing that policy.

**The Honourable Sir Andrew Olow:** In this debate I cannot obviously enter into discussion on a policy which concerns not merely the Railways but the Government as a whole. But, surely, it is open to the employees to form Unions from which they need not exclude those who are serving in the same capacity. I cannot recognise that within a particular grade those who adhere to a particular faith or religion have interests which are essentially or diametrically opposed to others, and that those in the same grade and position have grievances of an essentially different character. I think Mr. Aney put that point. It may be perfectly true that the Federation is not representative of all grades. The Federation is, after all, only a Federation: it is not an original Union containing men. But there are Unions . . . .



**Dr. Sir Ziauddin Ahmad:** May I just interrupt the Honourable Member? The Federation refuses to take up the grievances of the Muslim employees if they are directed against the Hindu officers.

**The Honourable Sir Andrew Clow:** It is not the Federation's business to take up individual complaints and if the Federation tried to bring before the Railway Board the cases of individuals, the Railway Board will refuse to deal with them whether they related to Hindu, Muslim or Christian officers. That is not the business of the Federation at all.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member has exceeded his time.

Mr. Joshi is not here and he has written to say that he has been called on an urgent business to Bombay and has asked his absence must not be taken as a mark of discourtesy. The Chair will have to put the question now to the House.

The question is :

"That the demand under the head 'Railway Board' be reduced by Rs. 100."

The motion was negatived.

**Mr. President** (The Honourable Sir Abdur Rahim): Now, it is the turn of the Muslim League to move their cut motion

#### *Muslim Grievances.*

**Sir Syed Raza Ali** (Cities of the United Provinces: Muhammadan Urban): Sir, I beg to move :

"That the demand under the head 'Railway Board' be reduced by Rs 100"—To discuss the grievances of Muslims in railway services including their number by direct appointment or promotion and the adequacy of steps taken by Government since 1926 to ensure the securing of the proportion fixed for the Muslim community.

Sir, let me, first of all, explain that the last explanatory portion of the note to the motion that I have just moved is even more important than the first part. I make absolutely no apology for bringing this very important matter to the notice of the House. It is generally stated, I would say without further prefacing my remarks, that my motion rests on solid moral consideration. It is in this view that I would invite the Treasury Benches to look upon this motion and I would also invite my Honourable colleagues of this House to vote on this motion if the occasion for a Division arose. It is impossible for any country and for the large sections comprising the population of that country to be happy unless every section of the population feels that due justice has been done to it. In India the further trouble is that, owing to our hopelessly difficult and unsatisfactory economic position, these Government posts play a very important part in determining the economic position of a community as well.

I must now offer the thanks not only of my Party, but of the whole Muslim community, to the Government of India who, after sleeping for many a long year, woke up in 1926 and addressed themselves to the question of doing away with the grievances of the Muslim community in the matter of appointment of Muslims to public services. The result improved the position a little, but it was not attended by very satisfactory consequences. This led the Government of India to re-examine the position again in 1934 and then they ear-marked 25 per cent of the posts

[Sir Syed Raza Ali.]

for the Muslim community. For that, again, let me tender the thanks of our Party and of the Muslim community to the Government. Now, what I want the Government to do is to see whether the orders issued in 1934 in the Home Department Resolution dated 4th July, 1934, have been carried out both in the letter and, what is more, in the spirit. That is what we have to consider today. The time at my disposal will not allow me to put all the facts before this House which otherwise I would have liked to do. I would, however, invite the attention of the Honourable the Railway Member to a few very important facts. I need hardly remind this House that having had the advantage of experience of how appointments or promotions to Government services are made, any observations that I may make in the course of my speech this morning would perhaps draw the attention of Treasury Benches.

Sir, the railways are divided into two categories. There are the State railways and there are the Company-managed railways. Sometime ago, it dawned upon somebody that it would be a nice thing if a new grade known as the "lower gazetted service" was created on State railways, and the constitution of the personnel of this "lower gazetted service" was obtained by promoting men from the subordinate services of this grade. Let me at once point out to the Honourable the Railway Member that this immediately led to very serious injury being inflicted on the Muslim community. I should like to invite the attention of the Honourable the Railway Member to one fact, namely, that we find that on the State-managed railways in 1939, 48 promotions were made to the "lower gazetted service" from the subordinate services. Out of these 48 posts, two posts went to Muslims. I may very casually mention, as it is a matter of interest to this House, that whereas two posts out of 48 went to Muslims, three out of these 48 posts went to Indian Christians and one to the Sikh community, the number of Europeans who were appointed to these posts in that year was 15 and the number of Hindus was 13. If the Honourable the Member for Railways will turn to page 105 of the Railway Board's Report, he will find that on the Company-managed railways, where there is no lower gazetted service constituted by the promotion of subordinate service men, out of 36 posts, nine went to Muslims. That clearly proves that Muslims do better in the matter of recruitment in Company-managed railways.

**The Honourable Sir Andrew Olow:** Out of 36 posts of what?

**Sir Syed Raza Ali:** These are appointments of class 'C' service, Company-managed railways. I believe that is very much what corresponds to the lower gazetted service.

Now, first of all, I would urge on the Honourable the Railway Member to do away with the manner in which the recruitment is made to the lower gazetted services. As I pointed out, the recruitment, except in the lowest grade, is made by means of promoting subordinate service men. There is absolutely no reason why it should continue. This matter was mooted by me in this House last year and the Honourable Sir Thomas Stewart, who was then the Railway Member, made a reply. I find that the proposal that I made then was that whereas now recruitment is made to the subordinate services in the lowest rung of the ladder starting on Rs. 30 and whereas we know that there are no less than eight grades in the

subordinate services, recruitment of Muslims should be made to the seven remaining grades by what is known as direct intermediate appointment. Instead of promotion, the Muslims should be recruited by direct intermediate appointment. The position today is this. Everybody in the subordinate service has to begin on Rs. 30 a month. There is only one grade immediately above that, to which Government have also allowed recruitment to be made by direct intermediate means, but they have decided that no more than one-fourth of the posts should be promoted. What I mean is that if, in a particular grade, if in the grade immediately above the lowest grade, there are a hundred vacancies, twenty of them will be made by direct appointment. But this does not apply to the remaining six grades. That is a great hardship and should be done away with at once. The objections of Government are two. The first is that if you do away with promotion and replace it by a system of direct intermediate recruitment, it inflicts a great injury to those who are in the lower grade, whether it be the lowest or the one above that. The objection is good so far as it goes, but I am afraid it intentionally misunderstands the Muslim contention. Nobody asked Government not to have recourse to promotion. What we mean is this: To every grade Muslims like others should be promoted, but in case it is found that an adequate number of Muslims is not available for promotion, then the balance should be made good by having recourse to intermediate direct recruitment. I hope the Honourable Member understands my point. The point is this. In a particular grade, there are four posts which are to go to the Muslims and only one Muslim has been promoted. Let the recruitment to the remaining three posts be made by direct intermediate recruitment. Secondly, this should apply to all the rungs of the ladder, namely, from the second grade to the eighth grade. As I have stated before, there are no less than eight grades to seven of which recruitment is at present made by promotion. Let that system extend to all the grades. There is no reason why any grade should be excluded from the operation of this rule. The second objection of Government is that qualified men may not be forthcoming; if recruitment is made for the second highest grade and qualified men are not forthcoming, what is to be done? In this connection Government are fond of trotting out the engine drivers and asking whether the Muslim community would be prepared to be driven by an engine driver who has got absolutely no experience of engine driving and is recruited in the grade of Rs. 250 a month. Sir, we do not ask them to do that. Let me remind the Honourable Member that up to 1925, and in some cases up to 1929, direct intermediate recruitment was made on all railways. This system has been in force only for about 15 years, namely, the system which sets too heavy a premium on promotion has been in force for not longer than 15 years. Introduce the old system and confine it to those branches of the service only to which it was applicable in 1922, 1923 and 1924. I want the whole system to be revised. These are the two objections of Government and these are my replies.

Now I will very hurriedly put some important points of substance before the Honourable Member who, we all know, is a great gentleman. Not only is he a great gentleman, he is a good Christian too. Let him exhibit in the performance of his duties, as long as he holds this portfolio, some of those Christian qualities and virtues, one of them being not to be a party to any injustice but to try to remove injustice and to help those who have been subjected to improper treatment in the past. There are

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three points that I want to raise, apart from the question of intermediate promotion, and I will now formulate them. The first is that there should be an agency created, if justice is to be done to the Muslim community, to see that the orders contained in the Government of India Resolution of 1934 are enforced. I will develop that point in a minute. The second point is that either the method of the constitution of the lower gazetted service should be done away with or recourse should be had both to promotion and to direct intermediate recruitment. The third point is that there should be Muslim officers serving either as establishment officers or as head clerks or as superintendents in every establishment office, without which it would be impossible for Muslims and other minorities to get proper justice. And here let me say that when I speak of Muslims, I have the case of other minorities also in mind who come within the purview of the Resolution of 1934 and about whom I have got figures, but time will not allow me to place them before you. Let Muslim officers deal with the establishment in these offices where appointments are to be made.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member has only one minute more.

**Sir Syed Raza Ali:** These are the important points and it is very important that these grievances should be done away with, and unless you have Muslims in charge of every establishment office, their claims will not be properly attended to. I would invite the attention of the Honourable Member to a question that was put in the other House on the 23rd September, 1924, and I will not dwell on it any further.

Finally, the position is this. In the Finance Department, in order to see that they carry out the orders of the Government of India, you have got the audit office. You have got the Labour Conventions passed at Geneva and Washington; you have got inspectors to see that the regulations framed by the Government of India are carried out. You have passed the Resolution of 1934, but you must have an agency to see that the orders contained in that Resolution are enforced. In the name of the Muslim League and the Muslim community, I recommend the appointment of an I.C.S. officer, does not matter whether he is a Muslim or a European, to see that these orders are enforced.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member's time is up.

**Sir Syed Raza Ali:** There should be three or four inspectors under him. Sir, I move.

**Mr. President** (The Honourable Sir Abdur Rahim): Cut motion moved:

"That the demand under the head 'Railway Board' be reduced by Rs. 100."

**Lieut.-Colonel Sir Henry Gidney:** Sir, if I interfere in this debate, I would ask my Muslim friends to feel that I do not do so with any feelings of hostility or opposition to the principle underlying this cut motion, but with a desire clearly to place before this House the other side of the picture to that placed by the Mover, Sir Raza Ali. Perhaps this House is

unaware of the fact that before the year—I think—1928-27 Muslim Members in this Honourable House were very silent as to the paucity of their representation in the Railway and other services,—they were just not interested in it—and it was I who had the honour to bring it to their notice for the first time on the floor of this House, when I was castigated rather severely by my Hindu friend, Sir Purshotamdas Thakurdas. I always feel very glad of what I did then because, ever since, Muslims have been seizing every opportunity and more to see that their countrymen are taken in increasing numbers and get their just dues.

Sir, I now come to the substance of the motion. What does my friend, Sir Raza Ali, want the Communications Member to do? If I understood him aright he says, on behalf of his community—he has every right (and I have every sympathy with him and I suppose I should do the same if I were a Muslim)—to have a certain percentage of Muslims in every section of every department of the railway, except some which existed before 1922 . . . .

**The Honourable Sir Andrew Clow:** I think it was the other way about. I did not quite follow what he said but I understood him to say it was in those departments that he wanted this representation.

**Lieut.-Colonel Sir Henry Gidney:** Sir, I also am not clear as what he actually wants but it really boils down to this: since Muslims have not got their proportion in each of these particular departments, make up this deficiency by direct recruitment. I am a strong opponent of direct recruitment, not because it concerns my friends the Muslims or any other community—even my own community. I protest against it because I believe that “efficiency” and “safety first” should be the main slogans of a business concern as are our Railways and they cannot be efficiently run without it,—I repeat,—“efficiency” and “safety first”. How can you efficiently operate a big administration like the railways if you are to satisfy such a communal demand, engage inexperienced men simply because they happen to be B.A.’s (to which add a “D” and they become bad) or M.A.’s (with a “D” added and they become mad) and place them in responsible posts without experience? . . . .

**Sir Syed Raza Ali:** I do not recommend that they should be brought in as engine drivers. That was not my recommendation.

**Lieut.-Colonel Sir Henry Gidney:** It goes without saying that if such a degreed man were to drive an engine while reading “Paradise Lost” the engine would certainly be lost very soon. But there are other appointments also which require experience; moreover, Sir, it would be unfair to members of all communities who are awaiting their promotion and their just reward for good service if, simply to satisfy particular community which claims and demands to have a certain percentage in each department, their just claims are to be overlooked in this communal scramble. I say Muslims should have their due percentage, but that is rapidly coming. Muslims as a community have only recently entered enmasse into Railways as these youngsters who have entered go up, they will in time be included in all sections and be appointed to senior posts: that time for

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Muslims is very near but you have to exercise patience, but I do not at all accept the policy that we should have direct recruitment simply because a community has not got its percentage on all sections of Departments: it is unpracticable, it is wrong and it is exposing the public to grave danger. It is not right for any government to accept such a policy . . . .

**Dr. Sir Ziauddin Ahmad:** May I interrupt, Sir . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): I do not think the Honourable Member need interrupt.

**Dr. Sir Ziauddin Ahmad:** Do I understand the Honourable Member to mean that he is now advocating that direct recruitment in the intermediate or subordinate grades should be stopped and he is not in favour of direct recruitment to those grades?

**Lieut.-Colonel Sir Henry Gidney:** On my reading of the present position of communities on Railways I certainly mean what my Honourable friend asks me. We see demands are made for direct recruitment in the cadre of guards, firemen, and others. If "efficiency" and "safety first" are to be our watch words on Railways you cannot allow such things. Public safety depends on efficiency of our employees and nothing of this sort should be done. May I repeat to my Muslim friends—you are running too fast. I do not want you to be slow movies, but you are running too fast. Your figures are yearly going up as you can see from the official blue books: in the course of a few years you will be occupying a large percentage of all these jobs so why be so rapacious now and say that there should be direct recruitment to these intermediate appointments to satisfy our demands even at the expense of public safety and experience.

**Sir Syed Raza Ali:** What about the application of this principle to the accounts branch and the traffic branch? What objection can you have to intermediate direct recruitment there?

**Lieut.-Colonel Sir Henry Gidney:** I think even a traffic man wants good experience, especially in case of accidents or anything like that. But apart from that the Accounts branch need not worry either you or me, for, it is a monopoly for the south of India who have the mathematical brains. But the demands you are making are not desirable. A suggestion was made by the Honourable the Mover to abolish the Lower Gazetted Service. But what are you going to put in its place? Some class C was mentioned on the South Indian Railway. What is that class C I do not know. To what class of employees it refers? Is it the same as the Lower Gazetted Service? I was a member of the committee which introduced this Lower Gazetted Service, Gazetted Service replacing as it did the Local Traffic Service and what was called the provincial branch of engineers. In my opinion the Lower Gazetted Service apart from it being a convenient service for higher officials to go on leave, it is a very essential service, in which will

country and when every official will be a promoted subordinate. When that day comes, my friends the Muslims will find that they have got their full share and they will have a big say in the Department. But this policy of direct recruitment I deprecate it and do not accept it for adjusting any communal inequality. I am very sorry to strike this discordant note on a subject—Muslim interests on Railways—of which I may be justly called the father, because as I said before, I was the first to bring the Muslims in this House to a sense of their responsibility to their community. Sir, I oppose the motion.

**Sir Abdul Halim Ghuznavi:** Mr. President, only this morning my Honorable friend, Dr. Sir Ziauddin Ahmad, had mentioned before this House that the Government did not recognise communal unions, and, therefore, how are the Muslim employees on the railways going to ventilate their grievances? The answer came from the Honourable the Communications Member that, on principle, the Government will not recognise these communal unions, but it is open to the Muslims on the railways to join recognised unions and bring forward their grievances before the Government or the Railway Board through those unions. I also do not like communal unions to be recognised on principle, but the difficulty of the Mussalmans is this. In any railway union recognised by the Government the proportion of Muslims is very small; and when the Muslims have a grievance against a non-Muslim in a particular union, that grievance is not allowed to be ventilated or brought to the notice of the Government or the railway by the majority of the other members, who dominate the unions. How then is the Muslim going to get his grievances redressed? The established unions are pre-eminently non-Muslims. Take for instance the promotion of a Muslim as against a Hindu or a non-Muslim. He should have been legitimately promoted but he has been superseded by a non-Muslim: he goes before the union and the union rejects it because the predominantly non-Muslim members would not like this grievance to be ventilated to the Railway Board through the union. That is what Sir Ziauddin wanted to find out, how the Muslim's grievances are to be brought to the notice of the railways or the Government? Because these recognised Unions are composed predominantly of non-Muslims, and the voice of the Muslim members is not heard . . . .

**Mr. M. S. Aney:** May I ask one question? Have Muslims been members of any recognised Unions, and they have seceded from them because their views were not heard in such Unions or they are merely imagining that their views will not be heard and hence have not joined those at all.

**Sir Abdul Halim Ghuznavi:** I will give my friend a direct reply. There are Unions in which there are Muslim members, but they feel that they cannot get their grievances redressed. I will give my Honourable friend an instance. There is a postal Union, a big Union, an All-India Union, in Bengal. They invited me to address one of their meetings in Calcutta. It was a huge meeting. Immediately when it was advertised in the papers, the Muslim members of the Post Offices came to me and said: 'For goodness sake don't go and preside at that meeting'. I asked them

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why? They said that that Union was working against the Muslim interests, that those Unions would not listen to Muslim grievances and that the Muslims were forming their own Union. I asked them if they could not make up their differences? They said it was quite hopeless, that they tried their very best, but those in charge of the Union would not listen to Muslim grievances, and in support of their contention they brought to my notice instances that in respect of promotion as against a Hindu, the Muslim was completely ignored. That is the difficulty.

Now, Sir, I will take the point raised by my friend, Sir Raza Ali. Sir, since 1929 I have been trying to impress upon the Government the fact that we want nothing more than our legitimate share in the services, and Mr. Hayman, who then spoke on behalf of the Railways, gave us an assurance on the floor of the House that in the course of three or four years the Muslims would not have the grievances they were ventilating that day. But he gave an instance why there was dearth of Muslim officers and said that he had a Muslim Chief Medical Officer in the Eastern Bengal Railway, and that Officer found it very difficult to get Muslim Medical officers for that particular Railway. To that I answered that I could offer not hundreds but thousands of well-qualified Muslim Medical officers if only Mr. Hayman would appoint them in place of the predominantly non-Muslim Medical officers on the Eastern Bengal Railway. What was the result? I believe in 1932, four medical officers were required by the East Indian Railway, two Hindus and two Muslims. No less than 1,400 applications were received for those appointments, and of those 300 applications were from Muslims. Now, Sir, what is the Muslim position in the higher grades of services? Only 6.6 per cent. goes to Muslims out of the total number employed by the Railways. 937 is the total number, of which 539 are Europeans, 336 are Hindus and only 62 are Muslims. This statement, Mr. President, I have compiled from the Government of India classified list of State Railways Establishments . . . .

**Mr. M. S. Aney:** What year?

**Sir Abdul Halim Ghuznavi:** It is the latest, 1939. I will place this list on the floor of the House so that it may be on the record of the Legislative Assembly proceedings because it will show the position of Muslims employed in the Indian Railways . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): The Chair does not think the Honourable Member will be in order in placing the statement on the table of the House, and he must make the best use he can of the figures in his own speech.

**Sir Abdul Halim Ghuznavi:** Very well, Sir. Now, Sir, no Muslim is employed in the following posts? Superintendent of Printing, Assistant Superintendent of Printing, Chemists, Assistant Chemists . . . .

**Mr. M. S. Aney:** Are these Railway services?



**Sir Abdul Halim Ghuznavi:** Yes, these are all railway services. Then comes the Telegraph Superintendents, Assistant Superintendents, Publicity Officers, State Railway Coal Department. The total number of Muslims employed, as I have said already, is 62 as against 937. That is the position of Muslims employed in the Railways.

Then, Sir, as I am not allowed to place this list on the table of the House. I will give only the figures so that they may be put on record.

Total number in the East Indian Railway. Europeans 160, Hindus 109; Muslims 15. Total 284.

Eastern Bengal Railway: Europeans 73, Hindus 61, Mus'ims 6; total 140.

Honourable Members should remember that the Eastern Bengal Railway travels over districts which are inhabited predominantly by Muslims who are 80 per cent there.

Great Indian Peninsula Railway Europeans 148, Hindus 56, Muslims 9; total 213.

North Western Railway, which also travels through districts which are inhabited predominantly by Muslims: Europeans 158, Hindus 110, Muslims 32, total 300.

That, Sir, is the position of Muslims employed on the Railways. Now, Sir, I ask the Honourable Member for Communications to take these facts into account and do something to remove the grievances of Muslims in regard to their employment on the Railways.

My Honourable friend, Sir Syed Raza Ali, has made four points. One of his points was to appoint a Muslim officer.

**Sir Syed Raza Ali:** To see that the whole thing was enforced—proportions.

**Sir Abdul Halim Ghuznavi:** Then he went on to say, appoint an I C S. a non-Muslim, European,—of course not a Hindu he said.

**Sir Syed Raza Ali:** I said a Muslim or a European.

**Mr. M. S. Aney:** Or a Parsi would do.

**Sir Abdul Halim Ghuznavi:** A Parsi would not do; he said, a Muslim or a European. I am not going to give you a story like my Honourable friend, Dr. Sir Ziauddin Ahmad, but I am going to state a fact. When Sir Fazl-i-Husain was the Honourable Member in charge of the Department of Education, Health and Lands, a Muslim deputation consisting of some Members of this House including myself waited on him and asked him to appoint a Muslim as the Secretary of his Department. He said to me "Very well, I have listened to all that you, Gentlemen, have said". Then he asked me to go to him that night and said that he would discuss this matter. I did go. He asked, "Why do you want me to appoint a Muslim as Secretary?" I said, "To safeguard the interests of Muslims." He replied, "That is exactly what I am not going to do", and added that his experience had been that the Muslims did not do what

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they should do for the Muslims, and that he was not going to appoint a Muslim because he was certain that our desire would not be met by changing the appointment he was making, and it was a Hindu. My own experience has been that wherever there is the head as Muslim he does not do his duty towards his fellow Muslims.

**Sir Syed Raza Ali:** I am afraid that is too general a statement. That is a reflection on responsible Muslim officers. I hope my Honourable friend realises his responsibility.

**Sir Abdul Halim Ghuznavi:** I am very sorry. I say "most of them". Am I not correct?

**Sir Syed Raza Ali:** Say, some of them.

**Sir Abdul Halim Ghuznavi:** I will boil it down to "some of them". A non-Muslim will do much better . . . .

**Sir Syed Raza Ali:** That depends on the Muslim you choose.

**Mr. Muhammad Nauman:** What is the solution? You do not want a Muslim, you do not want a European. Who should be the officer?

**Sir Abdul Halim Ghuznavi:** I never said, don't appoint a Muslim; I said, a non-Muslim would be preferable. I am asking for a non-Muslim. Sir Raza Ali's point was to appoint a Muslim, and I said, appoint a non-Muslim.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member's time is up.

**Mr. Muhammad Nauman:** Non-Muslims are already there. There is no question of appointment arising.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member must conclude his speech now.

(Sir Abdul Halim Ghuznavi resumed his seat)

**Mr. Lalchand Navalrai:** I should not be misunderstood that I have risen to speak in any spirit of communalism. I do not want to irritate my Honourable friend, Sir Syed Raza Ali, just as he got irritated when the truth came out from my Honourable friend, Sir Abdul Halim Ghuznavi. But I rise to speak in order to place facts before the House which will contradict the complaints that are coming from this side.

In the first place, a very wrong demand is being made that instead of promotions recruitment be made in intermediate grades. On that point I am absolutely opposed. The policy of the Government has been to apply a fixed ratio to recruitment in initial grades only, in order to do justice to the claims of the different communities, and it is the policy of the Government that promotions should go by seniority and by merit, and no pulling of Muslims by a false pulley. Don't pull them up by a false pulley so that they may fall down in no time. That applies to direct

recruitment in intermediate grades. I submit, therefore, that my Honourable friend is wrong. My Honourable friend has come to this House recently and perhaps what was said by this House when the ratio was fixed and a notification issued with regard to no communal representation in promotions is not known to him.

**Sir Syed Raza Ali:** May I interrupt my Honourable and learned friend by saying that that Resolution of 1926 was issued on my Resolution which I moved in the Council of State?

**Mr. Lalchand Navalrai:** I am very glad that the Honourable Member has got irritated a bit. Since 1934, by the answers which the Government have given to several questions on the matter, the Government have not desisted from the policy of giving promotions by merit and seniority. The orders passed in 1934 have been adhered to till now. If there is going to be any change in those orders with regard to promotions, what I submit is that in the railway offices and the general departments there are Muhammadans as well as Hindus, and if you are going to bring in other people directly over their heads, there will be a lot of discontent both among the Hindus and the Muslims. I would have enlarged on this point but for the fact that the time at my disposal is very short. So, I will request the Railway Department and other Departments to stick to their original policy. Coming to the question of qualified and unqualified, my Honourable friend says, if a qualified Muslim is not available, then an unqualified man should be taken.

**Sir Syed Raza Ali:** I never said anything of the sort.

**Mr. Lalchand Navalrai:** Any way that is the rendering which I would put on the Honourable Member's remarks.

**Sir Syed Raza Ali:** Let the Honourable Member please himself.

**Mr. Lalchand Navalrai:** I will displease him but I do not want to do that. I will say this that with regard to that also any change in the policy will be wrong. I will contradict the whole thing by facts and figures. It is said that there ought to be officers or rather one officer who should be a Muhammadan to watch the interests of Muhammadans.

**An Honourable Member:** Minorities.

**Mr. Lalchand Navalrai:** This motion is by a Muslim and so it deals with the case of Muslims.

**Sir Syed Raza Ali:** Because the Muslims have the largest majority among the minorities.

**Mr. Lalchand Navalrai:** Yes, my Honourable friend has the largest minority to put down the majority, that is what he wants to do. Now, let us face facts. Let us take the Railway Board first, and you will find that the interests of Muslims are very much safeguarded there. I do not say that the Muslim officers would be partial to their community men. I

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know that they have got a sense of justice, but I certainly refute the statement of my Honourable friend that there are no Muslim officers there to watch the interests of Muslims; I say that there are in the Railway Board more than what is needed. Take the Members of the Railway Board. There are three Europeans and one Muhammadan. The Muhammadan's name is Khan Bahadur Muzaffar Hussain.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member had better leave out names.

**Mr. Lalchand Navalrai**: Let me then say, one, they have got at the head one Muslim. I assert that they have their interests safeguarded there. He cannot be said to be incompetent. He is there.

**Mr. Muhammad Nauman**: How long will he be there?

**Mr. Lalchand Navalrai**: How long or no long, your complaint is about the present.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member had better not discuss any individual officer

**Mr. Lalchand Navalrai**: Then I will give the figures. Coming to Directors, there are four Europeans and one Muslim. If the name of the gentleman is asked, I will give it; otherwise I won't. Then coming to the Deputy Directors, we have got three Europeans, one Hindu and one Muslim. Among Assistant Directors, we have got one Muslim, there being no Hindu. We are content with that, and Mussalmans too. Why then these complaints should be made. Sir, you have given them much and they want more; every year they come forward and they say: 'We want more and more'. Don't give them what is not just. Coming to the officers on the State-managed Railways, I found on 1st April, 1925, there were 36 officers. On the 31st March, 1939, there were 70 officers. Now, I am reading from Volume I of the Railway Board's report, page 107. Looking at that, can it be said that the Muslims have no officers? (Interruption.) I do not give way. Now, coming to the recruitment, they have been complaining every now and then that there is a paucity of recruitment of Muslims. I would say that it would be much better if they had not brought this cut at this time or raised this communal question at this moment, because the Government have already deputed an officer. He is assisted by a D. C. O. He is a Muhammadan and Mr. De Souza is a Christian. They are investigating the question. Why not wait till they have come to a conclusion? I think their object may be—I do not want to impute motives—to influence these gentlemen when they come to conclusions one way or other.

**Dr. Sir Ziauddin Ahmad**: I object to that phraseology: that we want to influence these officers.

**Mr. Lalchand Navalrai**: You have not understood what I said. If you turn to page 110 of the same report of 1938-39, Volume I, you will find this. In 1934-35, you will find the ratio of the recruitment was 17·45,

in 1935-36 it was 28.50, in 1936-37 it was 31.2. It is rising. Then again in 1937-38, it is 29.8 and 1938-39 it is 29.9. Now, that is certainly more than 25 per cent—four or five per cent. more. The complaint with regard to that is also not correct. Now, Sir, my humble submission would be that Muhammadans and Hindus should join hands in a matter which would be reasonable and just. They should join hands in getting the subordinate staff promoted and not to be blocked at Rs. 60 and Rs. 68. There are Hindus as well as Muslims amongst them and I hold in my hands many Resolutions passed both by Hindus and Muslims asking for the removal of this block at 60 and 68 for the Commercial staff and the Loco. Staff. Then there is also the question of the guards. These are the questions on which Hindus and Muslims should join hands. Otherwise, you will be doing harm to both Hindus and Muhammadans.

On the question of Unions, the Member's complaint is that these unions do not represent the cases of the Muslim employees. I submit that that is not correct. The Unions are mostly comprised of Muhammadans. Their officers are Muhammadans. Go to these Unions at Lahore and other places. (Interruption.) In spite of your obstruction, my voice will be heard. I have helped some of the Unions myself and I find that all the office-bearers are Muhammadans with a few Hindus. They should join hands and send in their representations. In the face of this, how can it be said that these Unions represent only Hindus? I do not think there is any force in that complaint. Then my Honourable friend said that he would prefer a Christian to a Hindu or a Muhammadan to a Hindu.

**Sir Syed Raza Ali:** I did not use the word 'Christian'.

**Mr. Lalchand Navalrai:** Say soberly. What did you say? Don't be irritated. What I say is that the allegation is wrong. Now, I want to show that the interests of all are being safeguarded by these Unions. I have received from the Guards Association a Resolution where they say . . .

**Mr. Muhammad Nauman:** Who is the President?

**Mr. Lalchand Navalrai:** The President is Lala Sita Ram, M.L.A., of the Punjab. In the Union there is Mr. Khan, Mr. Miller and one other European and several of my Muhammadan friends. (Interruption.)

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member had better go on with his speech, without taking notice of the interruptions.

**Mr. Lalchand Navalrai:** Now, the Resolution is with regard to Hindus and Muslims both. They say:

"Great resentment prevails, strongly protest new recruitment, adds insult to injury (This refers to outside recruitment) Awaiting promotion past 15 years. Pray intervene. Stop direct recruitment of higher grade guards. Have amalgamation of old grades II and III."

With regard to the amalgamation of these grades I have heard my Honourable friend, the Communications Member. There is a difficulty really. I do not deny that it is a difficulty with regard to these commercial staff and the subordinate staff and the guards. On the North Western Railway you will find 9,000 such persons . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member's time is up.

**Mr. Lalchand Navalrai:** So, Sir, I say that we should join hands and not raise this question of Hindus and Muslims.

**Mr. Nabi Baksh Illahi Baksh Bhutto** (Sind: Muhammadan Rural): Sir, the question of Muslim representation, in the Railway services, has become an annual fixture, on the occasion of the general discussion of the Railway Budget, as, for example, the grievances of the third class passengers. Every year, about this time, Government very benignly, gives us an opportunity to unburden ourselves of our feelings, with regard to certain matters, and we call upon the Government to recognize its duty and to do justice, where justice is due. Government, as usual, express much sympathy, make a few promises and there the matter ends.

Sir, it is needless for me to stress the importance to any community of the adequate representation of Muslims in the Services. We do not say, that the Railway will suffer, if they do not employ a certain percentage of Muslims. We do not for a moment consider that the work of Railway administration cannot be carried on efficiently, without the presence of a percentage of Muslims. But I do submit, Sir, that we have a right to have a share in the administration of one of the biggest public concerns in India, a right which no fair-minded Government can ignore, and we have brought this out motion because we are convinced that as far as the matter of giving Muslims their proper share in the administration of Railways is concerned, Government are not doing fairly by us.

We shall, of course, be given a reply that Government issued certain orders in 1926, and a Resolution in 1934. We shall also be told that numerous explanatory orders have been issued to ensure the proper working of the Resolution, but, what is the result? Government's orders have failed to bring about a substantial improvement in the representation of Muslims, mainly because Government merely issued the orders, and did not take sufficient steps to see that these orders were followed as they were meant to be followed. In the first place there were many loopholes, only one example of which is, the so-called "un-reserved" vacancies which have been treated as reserved, for non-Muslims, and filled by members of the majority community, even where better qualified Muslims were available. The truth of the matter is; that Government never took these orders seriously enough, with the natural result that they were taken much less seriously by those persons to whose care it was left to carry them out. In proof, I would mention the delay that takes place in the printing up of the annual returns, laid down by the Government, to show the communal composition of the staff, and the recruitment made in the year. This delay, we understand, is due largely to the fact that the Railway administration takes long to prepare and forward these returns to the Railway Board. And, when these are received by the Board, they are often found to contain so many discrepancies and inaccuracies that a considerable time is spent in attempting to reconcile the discrepancies, and to remove the inaccuracies, I say "attempting", because even after a good deal of time has been spent, many points still remain doubtful, and the returns have often to be

accepted as they are. If the Honourable the Railway Member considers that I am exaggerating, will he kindly let us know the dates on which the returns for the years 1935-36 and onward were received from the Railways and the dates on which they were finally printed up.

**The Honourable Sir Andrew Olow:** The Honourable Member will have to table a question on that, if he wishes.

**Mr. Nabi Baksh Illahi Baksh Bhutto:** I am sure, it will not be denied that the returns do contain inaccuracies, and if so, I would ask why this is so. To me the only correct answer is that those who are responsible for the preparation of these returns do not either take sufficient care, or deliberately furnish wrong figures. Whichever of these reasons be true, the Railway administration and their officers and employees concerned would deserve censure. Blame for this must also rest on the Government of India, because, ultimately, it is their responsibility to see that their orders are given due respect and honoured and honestly followed. I am sure that Government, if it cared to find out, would come to no other conclusion than that the orders have not been carried out properly.

There will be ample evidence of a failure to treat these orders on the same level as the orders of the Government on any other point. Government, for example, lays down the rates to be charged for the haulage of the goods. Can any Railway employee dare to charge a rate lower than that laid down by the Government? The answer certainly is, no. Well, Government have laid down certain percentages for the recruitment of the Muslims. Why do officers not only dare to put in practice, but boldly disregard these orders, and do not recruit due percentage of Muslims? The reason is that while, in the former case, the officer knows the penalty for charging a lower rate, in the latter there is no penalty at all; officers who fail in their duty of recruiting Muslims in the prescribed proportions have no fear at all that they will be asked to explain their conduct or be punished for disregard of the orders. Will the Honourable the Railway Member please correct me, if I am wrong, and let the House know, how many appointing officers have been asked to explain their failure to recruit Muslims in adequate numbers? How many have been censured?

Again, to continue with the example, if it is found that freight charged on a consignment has been lower than the prescribed rates, the owner or the consignee is not let off but is liable to pay the difference. In other words, the charging of a lower rate is treated as wrong. But, what happens in case a vacancy, which should be filled by a Muslim, is given to a non-Muslim? The Department should lay down that an appointment made contrary to the orders in regard to communal representation should be cancelled and declared as null and void, as soon as it comes to notice through the returns. This order under a close examination would be found to be hopelessly lacking in earnestness. In the first place, it does not say which officer is to have the authority to cancel an appointment when it comes to his notice. Secondly, how is one to know, from a return, which relates to a whole year, and which merely gives certain figures, whether all appointments have been correctly made? Thirdly, there is the inordinate delay in the preparation of these returns, so that, even when an irregular appointment does come to the notice, the very delay is a factor in condoning the irregularity and no action is taken so that there should be no hardship.

[Mr. Nabi Baksh Illahi Baksh Bhutto.]

Again, what machinery have Government devised for seeing that all appointments are made honestly and fairly, and that the interests of Muslims are not lost sight of? The expedient of annual returns is no expedient at all. There should be some regular inspecting staff, who should go round, and see the day to day working of the orders, and check every irregularity on the spot.

The honesty of the Government profession, in regard to the recruitment of Muslims, can be tested in a very simple way. Supposing, Government get the report that a certain officer has been responsible for an embezzlement, or that Government's orders have not been given due consideration in a certain transaction. Will the Government remain silent and say it doesn't matter? Government will . . . .

**The Honourable Sir Andrew Clow:** Will the Honourable Member kindly speak a little louder?

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member can't be heard on this side. The Honourable Member can come forward and speak.

**Mr. Nabi Baksh Illahi Baksh Bhutto:** Government will at once jump in, and make an investigation, and set matters right, and bring the offender to book. But, what do Government do, when they receive a letter from a Muslim organization, or some prominent representative of the community? They take no action at all. Hundreds of times, since the issue of the 1934 Resolution, there have been articles in the press and letters from Muslim M. L. A.'s and others and Muslim organisations about flagrant non-observance of Government's communal orders, and yet what action have Government taken? No action at all, because Government do not themselves take those orders seriously.

I am sure that the Honourable the Railway Member must by now be very impatient to interrupt and point out that the Railway Board have placed Mr. D'Souza on special duty to investigate the working of the communal rules. Let me anticipate him and what I have been saying hitherto has now been said in ignorance of Mr. D'Souza's inquiry.

This inquiry has been ordered five years after the issue of the Resolution, whereas what was needed was a machinery to ensure that not one appointment was made, or, if made, was promptly cancelled. What will this enquiry do with regard to the thousands of vacancies, filled since 1934, which should have been filled by Muslims but have not so been filled? But it would perhaps be giving too much credit to the inquiry to presume that it will discover all the irregular appointments. Actually it will not discover the irregularities, because it is not proceeding in the proper way; for that the reason is simple, that the inquiry is obtaining all information that it needs from the Railway administration, and is accepting whatever is given to it. What confidence can we have in this inquiry.

Equally reprehensible is Government's callousness in the matter of seeing justice done to Muslims in promotions. When we demand that Muslims should not be superseded, we are met with the reply that the



reservations cannot be applied to promotions which must be based on merit. We quite agree that communal considerations should not influence promotions. But this precisely is what we expect Government to ensure. At present, promotions are being made on communal considerations with the result that Muslims are always superseded on one pretext or another. What we really demand is that the promotions are made actually on merit. Since Government probably have no means of ensuring that real merit is treated as the foremost consideration, in all cases, we have no alternative to demanding the automatic and comparatively simpler method of reserving for Muslims a percentage of the promotion vacancies, also as Muslims are in many grades now available in sufficient numbers to give the community its due percentage of such vacancies. We would demand that where this is the position the share of the Muslims should be increased in direct recruitment.

Another grievance of the Muslims is the non-recognition of the associations formed by Muslim railway employees. The interests of the Muslim employees are so different from those of others, and the former have to combat so much antagonism from their colleagues and officers of the sister community that we are convinced that there must be an association of Muslim employees to represent to Government on matters affecting the Muslims.

**Mr. Muhammad Nauman:** Sir, I rise to support this motion with my usual zeal. Unfortunately, I feel that things have not improved in spite of our bringing this motion before the House from year to year. I only feel that I should quote Ghalib, one of the Urdu poets. He says:

*"Ham bhī tasleem ki khu dalenge*

*Is ne nijazī terī adat hī sahī."*

"I have decided to make you feel that you should submit although you have been consistently habituated of neglecting us (from time immemorial)". That is the gist of the translation of the couplet I have quoted out just now. However, I do not want to indulge in the figures which my Honourable friends have already quoted. The Honourable the Mover of this cut motion from my Party, Sir Syed Raza Ali, has proved it to the House that things have not improved at all. You will notice, Sir, from the report itself that although the number of the Muslim appointments was 71 last year, this year it has gone down by one: the figure is only 70.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member can resume his speech after Lunch.

**The Honourable Sir Muhammad Zafrullah Khan** (Leader of the House): Sir, Thursday, the 29th, is at present fixed as an ordinary official day and the Honourable the Finance Member is due to make his statement on the Budget and to present the Budget at 5 o'clock. It looks as if there will not be enough ordinary official work for a whole day sitting on the 29th, and I am, therefore, to request that the ordinary sitting on the 29th may be cancelled and the House should meet at 5 o'clock to hear the Finance Member.

**Mr. President** (The Honourable Sir Abdur Rahim): The Chair takes it that that will suit the Honourable Members. On Thursday, the 29th, the House will meet at 5 o'clock.

The Assembly then adjourned for Lunch till Half Past Two of the Clock

The Assembly re-assembled after Lunch at Half Past Two of the Clock, Mr. M S Aney, one of the Panel of Chairmen, in the Chair.

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**Mr. Muhammad Nauman:** Sir, I do not want to indulge very much in the citation of figures which my Honourable colleagues have done. I need not go very much into detail. I will give only one or two figures. I wish my Honourable friend, Mr Lalchand Navalrai, had been present now in the House so that he might be convinced of the justice of our cause. We have been reiterating this very demand of a square deal to my community year in and year out. Why has it been necessary for us every year to impress on the Government and this House that we are not progressing as rapidly as is necessary? What do we see in the Administration report of the Railway Board? On page 107, Sir, we find that the percentage of Muslims is 7.2 per cent whereas the percentage of Hindus is 30.45, and the percentage for Anglo-Indians—whose cause my Honourable friend, Sir Henry Gidney, has been advocating and who, also, unfortunately, is not in his seat at present—the percentage for Anglo-Indians is 9.16. In the case of posts above Rs. 250, the percentage for Muslims is 7.43. For Anglo-Indians and Domiciled Europeans it is 41.82 per cent. These figures are found on page 109. My Honourable friend, Mr Lalchand Navalrai, said that probably the Muslims were about 30 per cent. That is not true, Sir. On page 108 we find that the total number of Muslims on scales of pay rising from Rs. 250 and above for Class I Railways excluding the Nizams Railway is 458 out of 7,597 and you can find out what the percentage is. It is less than six per cent. We find that in spite of the best intentions and, probably, the best efforts of the Government of India, we have not been able to see these hopes realised which the Home Department Resolution of 1934 promised us.

I want to reply to my Honourable friend, Sir Henry Gidney, but, unfortunately, he is not present in his seat now. My Honourable friend is practically blowing hot and cold at one and the same time. He professed to be sympathetic to the Muslims and he wanted our co-operation and he wanted to make common cause with the minorities. Then, when he found that the vested interests of his particular community might be touched by a particular Regulation, he feels he ought to oppose it. He just stressed in his speech that he could not approve of the policy of recruitment in the intermediate grades if promotions were not possible according to seniority. We have made it abundantly clear that we want this method of intermediate recruitment to be enforced till such time as the Muslims get their proper one-third share. Out of 750 crores invested in the railways, the Muslims do not get their proper share in the administration, which to all sense of equity and justice should have been given to them even much earlier than what we are demanding now.

Now, Sir, with regard to the question of intermediate recruitment, I want to quote Sir Henry Gidney's own words. Although he does not

approve of this policy today, what did he say in 1937 on the floor of this House:

"The House will remember the speeches I delivered last year on this subject. In those speeches I referred in great detail to the terrible reaction the new scales of pay were having on Anglo-Indian railway employees, and despite what the Honourable Member said that officials had suffered more than subordinates under these scales of pay, I proved beyond doubt that it was the Anglo-Indian community alone, of all communities employed on railways who had suffered so much by these new scales and which amounted to an all round reduction of from 50 to 60 per cent. in initial salaries and 40 to 60 per cent in the Maximum salaries . . . ."

However, Sir Henry achieved his point since by creating a premium for his community in initial appointments.

Then later on he said.

"I felt that the revised scales of pay which the Railway Board introduced in the latter part of 1934 would eventually defeat the very purpose underlying and stressed in this Resolution, namely, the avoidance of the dislocation of the economic structure of the community which had become welded into these two services in particular."

In another place he says:

"The Honourable Member, however, admitted that to ask Anglo-Indians to enter the Loco and Traffic services at the bottom of new scales of pay was a distinct hardship and would, in time, seriously affect recruitment of not only Anglo-Indians but the better class Indians, and speaking personally, he felt that it might, to some extent, meet this difficulty by direct recruitment of Anglo-Indians and Europeans to certain intermediate grades."

That was the opinion which Sir Henry Gidney held in 1937. Now, he wants to change his opinion because he thinks it does not suit him to hold that opinion now because he has gained his point by preferential pay to his community. We do realise there may be some difficulty in recruiting men to intermediate grades in some branches where technical knowledge and practical experience is required, such as for engine drivers or engineers. But as my Honourable friend, Sir Syed Raza Ali, pointed out, there can be no difficulty in recruiting Muslims to the intermediate grade in such branches as traffic, transport, etc., where only training for one or two years is required. After such training, they will make efficient subordinates. What do we find in the Indian Civil Service? A young civilian fresh from England at the age of 21 or 22 is considered fit to rule this country and take charge of a big division without having any knowledge of the conditions and habits of the people of the country. I cannot imagine why the people living in this country, having adequate University education, should not be considered fit enough to occupy posts directly in the intermediate grade even after some training. Posts in the traffic and transportation department can be filled up on this principle. If there is any technical knowledge necessary, then in such cases this principle need not always be followed. The difficulty can be overcome, if there is a genuine desire—which I believe there is on the part of the Honourable Sir Andrew Clow—to meet the just demands of the Muslims. If he makes a rule, then something can be done for the Muslims. I urge that this part of the question should be looked into seriously. Till now this question has not received that much of proper attention of the Government as it deserved. Really the Muslims all over the country as shareholders of  $\frac{1}{3}$ rd share in Ry. Co. are very much agitated. Unless some such step is taken and unless recruitment is made in intermediate grades, our percentage will not come to the required level for another 100 years, in gazetted ranks specially.

[Mr. Muhammad Nauman.]

Having cleared up that position, I now want to reply to my Honourable friend, Mr. Lalchand Navalrai. He suggested that the Muslims should be more Indian and more nationalistic. He asked, why should we clamour for all these things, why should we insist on this particular right for the Muslims or that particular demand for the Muslims. Probably he does not realise that Muslims are not given a chance even when they are fully qualified. In 1925 the following question was asked in the Council of State:

"Is it a fact that a non-Muslim who had not passed the Matriculation Examination was recently appointed in the office of the Director of Wireless and a Muslim graduate was rejected?"

The reply was:

"The fact is as stated. The non-Muslim had worked for 2½ years temporarily in the office of the Director of Wireless and had given every satisfaction. He was retrenched in May 1923 . . . ."

**The Honourable Sir Andrew Clow:** Is this a railway post?

**Mr. Muhammad Nauman:** No, but this is what happens everywhere, such things happen in the railways more often. Sir Abdul Halim Ghuznavi gave instances of deserving medical men whose applications were not considered. That is true of other class of men in other sections also and the selection boards manipulate things in such a way that Muslims generally get only the lowest grade on Rs. 30 or about to show over all percentages.

My Honourable friend, Mr. Lalchand Navalrai, also referred to the question of the unions. We are not very happy about establishment of separate unions but we cannot help it and things have reached such a stage that in everything we have to follow a separatist policy. We all know the history of establishment and progress of League and the treatment of Congress to Muslims.

**Mr. Chairman** (Mr. M. S. Aney): The Honourable Member's time is up.

**Mr. Muhammad Nauman:** Sir, I hope Government will realise our difficulty and redress our grievances.

**Dr. F. X. DeSouza** (Nominated Non-Official): Sir, in rising to speak on this motion while I desire to express every sympathy with the claims of the Muslims to a legitimate representation of their community in the railway services I wish to give expression to a fear that in this communal wrangle between the major communities, the community which I represent stands in danger of being ground down between the upper millstone and the nether millstone and being entirely crushed. It is for this reason that I wish to intervene in this debate for a very short time.

What is the position in regard to the representation of my community in the railway services? I do not propose to give elaborate figures but I wish to say that the over-all percentage of the Indian Christians in 1939, as appears from the report of the Railway Board, is as follows: In the subordinate services the over-all percentage of the Indian Christians was only 3.4 while that of the Hindus was 56, Muslims 29.9, Anglo-Indians 7.6 and Sikhs 2.2. Our over-all percentage in the Superior Services is as

follows: Hindus, 30.45, Muslims, 7.02, Anglo-Indians, 9.16 and Indian Christians 2.02. Has any attempt been made in the recruitment for the year 1938-39 to redress this inequality of representation of the Indian Christians? Not the slightest effort has been made to bring up our representation to our numerical strength. So far as recruitment in the year 1938-39 is concerned, in the subordinate services while the percentage of Hindus recruited was 53.2, that of the Muslims 27.1, that of the Sikhs 2.2, that of Indian Christians was three per cent. And in the superior services of the Company-managed Railways, in the year 1938-39 out of 29 officers recruited there were 16 Hindus, nine Muslims, three Anglo-Indians, one Parsi and no Indian Christian. Is this a legitimate representation in the railway services of the community which I represent? In the State Railways it is no better. In the combined percentage of recruitment on State and Company-managed Railways, Hindus number 53.5, Muslims 27.9, Anglo-Indians 11.6, Parsis 4.7 and Indian Christians 2.3. These are the figures of recruitment in 1938-39. Sir, is this representation proportionate to the numerical strength of the Indian Christian community? The numerical strength of the Indian Christian community in India is seven millions and we are the second largest minority community in India. I wish to impress this fact particularly on the attention of this Honourable House. Our numerical strength is however not our only qualification. In the standard of literacy, especially in the English language, my community stands higher than that of any other community, Hindu or Muslim.

Then, what about the loyalty which my community has displayed? Our loyalty is well-known to everybody. In fact our loyalty has worked to our detriment. The Congress Governments and the other Provincial Governments are looking askance at us because they say "You are always leaning on the foreign Government and, therefore, you have no *locus standi* in our administration." Our loyalty is standing in our way with the Congress Government. But should it also stand in our way with the British Government? Apart from these considerations, our community has entirely depended for years and years on service to the British Government: our economic foundations have been laid upon service in the railways, in mercantile firms and under Government. We have no big zemindars amongst us. We have no wealthy merchants among us. The foundation of our economic life is service; and now that the British Government is striking at the foundation of our economic life, where do we stand?

What then is the remedy which I suggest? I maintain that the orders of Government regulating the recruitment of the members of my community to the services are unfair to us and in the interests of justice and fair play should be revised immediately. I refer to the iniquitous resolution of the 4th July, 1934, about which I had a good deal to say in 1934 when moving another Resolution in this connection before this House. What does that Resolution do? It lays down that in the case of the superior services recruited on an all-India basis the Muslims are to have 25 per cent. and the other minorities are to have 8½ per cent.; and in the case of services recruited locally the Muslims are to have 25 per cent., the Anglo-Indians eight per cent. and the other communities six per cent. Now, where do we come in? We are the second largest minority community in India. We are dumped down among "other communities" and what representation do we get in the "other communities"? I have shown that on the railways we do not get even two per cent. It is absolutely necessary that this basis should be revised and another percentage prescribed for the recruitment of Indian Christians in the service . . .

**Lieut.-Colonel Sir Henry Gidney:** What percentage do you want?

**Dr. F. X. DeSouza:** My Honourable friend, Sir Henry Gidney, is quite satisfied with the predominant position he has obtained for his own community and now asks me what percentage I want. I say, would it be too much, having regard to our population, our literacy and our economic weakness, to ask that at least five or six per cent. should be reserved for our community?

I know that when I plead the cause of my community in this manner the majority community will dub me a communalist. My record is well-known. I certainly am not a communalist, but the charge of being a communalist is easy to level at a minority community when those who are in possession of the spoils by the previous exercise of communalism find their monopoly threatened. Affectation of nationalism is the tribute which the successful communalist pays to his uneasy conscience. I am a communalist in the economic sense, but I am a nationalist in politics.

Why do I urge our claims so insistently today? The Honourable the Railway Member is new to his task. By his first budget he has achieved a tremendous reputation. He has vigour and he has imagination. The other day one Honourable Member in this House characterised him as a good man and I think everybody who knows him characterises him as a good Christian. May I ask him to intervene on behalf of our community and give us a proper representation in the services, not because we are Christians—I do not want any partiality—but because our numbers and our literacy and our economic position and every other qualification entitles us to a better position in the services.

**Mr. Chairman** (Mr. M. S. Aney) The Honourable Member has two minutes more.

**Dr. F. X. DeSouza:** I will tell you the exact position today. I know it from my own experience. It looks as if every Government office has the inscription "No Indian Christian need apply" on its doors. Why do I say so? Two or three men whom I know, men of very high qualifications applied to a certain officer for a job—I will not mention the name of the officer—and they were blandly told . . .

**Mr. Chairman** (Mr. M. S. Aney) The Honourable Member's time is up.

**Dr. F. X. DeSouza:** I will give the reply, Sir, and finish. The officer told them "If I give you the job, neither the Hindus nor the Muslims will be pleased; so I prefer to give it either to a Hindu or a Muslim". To this the candidate retorted, "If you give the job to me neither the Hindus nor the Muslims will be dissatisfied". But the officer ignored the superior claims of the Christian candidate. Is that the attitude which the Government of India is going to adopt to my community?

**Mr. Chairman** (Mr. M. S. Aney) The Honourable Member's time is up.

**Dr. F. X. DeSouza:** Very well, Sir. I will take up the subject again on the Finance Bill debate. It is too important to be dropped.

**Bhai Parma Nand** (West Punjab · Non-Muhammadan): Sir, I intervene in this debate because this resolution is brought up during 3 P.M. every budget debate and as it has been my duty to oppose it every time, I oppose this motion firstly on the ground of principle, because I feel that we are all one people and appointments to all public services in the country should be made among all classes of people of this country solely on the ground of their efficiency or merits, and not on the ground of religion or any other extraneous consideration. That will be a wrong principle to follow. But as the Government has laid down this vicious principle of distributing the loaves and fishes of Railway services on a communal basis, inspite of our opposition to that principle, my main point of opposing it now is, that the Railways are a commercial concern, and just as any business man would select people who are really serviceable and fit for his work, the Railways also should recruit people who will be really efficient for its service. No doubt the Railways now belong to the State, yet since they are run on commercial principles, they should keep in mind sheer merit and efficiency in making appointments and see which community will be more useful in the performance of their duties.

**Dr. Sir Ziauddin Ahmad:** Anglo-Indians.

**Bhai Parma Nand:** I don't grudge them their due. Now, Sir, one argument that was advanced this morning was that as some of the Railways run through parts of the country which are predominantly inhabited by a particular community, therefore, the majority of the jobs in the Railways should be distributed among members of that community. In reply to this argument I may point out that a very large part of the Railway income comes from goods traffic and the total income derived by Railways from this source comes to about 55 crores, which is much more than the income derived from passenger traffic and all the trade which contributes to the goods traffic is carried on by Hindus. Therefore, if the business income is to be distributed according to the contribution made by the different communities, I think the Hindus would require much larger representation in the railway services than that of any other community.

Then, Sir, Sir Raza Ali in the course of his observations said that the orders of the Government of India in regard to Muslim representation in the railway services have not been carried out to the fullest extent and, therefore, he suggested that the Government should appoint a European or a Muslim to see that the orders are duly carried into effect, and another further remedy he suggested was that of intermediate recruitment. That has been strongly opposed by my friend, Sir Henry Gidney, who took the credit to himself saying that he was the first who taught the Muslim Members of this House to demand their separate rights for their community.

**Lieut.-Colonel Sir Henry Gidney:** I am very sorry now.

**Bhai Parma Nand:** Even he who was so much in favour of Muslim rights now thought that this principle of intermediate recruitment was most unfair, because that would block the way of those who had already served the department for a number of years, and that it would create a new kind of evil in the services. Therefore, Sir, I feel that this intermediate recruitment is not at all desirable and should not be ever thought of.

[Bhai Parma Nand.]

Then, Sir, my friend, Sir Abdul Halim Ghuznavi, took up the question of proportion of Muslims in the superior services. I think it is not the proper time to take up the proportion of Muslims in the higher services, as the proportion in higher services has to be made up by fresh recruitment, and recruitment has to be made generally at the bottom. My friend wants that in the superior services also the Muslim proportion should be 25 per cent. That is not possible, because as I said the recruitment is not to begin at the top, but it is to begin at the bottom and gradually those who start at the bottom will rise to the top in due course of time

Now, Sir, if we look into the Muslim representation in separate branches, my friends cannot have much grievance. In some branches of service Muslim ratio is much greater than it is fixed by the Government formula. For instance, taking the Railway Administration Report of the Railway Board, I mean the latest issue, you will find in the subordinate services that the proportion of the Muslim community in 1934-35 was 17.45, in 1935-36, it was 28.50, in 1936-37, 31.2, in 1937-38, 29.9, and in 1938-39 it was 29.9 per cent. It will be seen that this ratio is much more than 25 per cent which was fixed by the Government formula. Then again, even if we go upon Mr Hasan's Report, which was laid before this House some time in 1933, we find that although in the clerical staff on different Railways the Hindus predominated, yet in the Transportation and Power works like workshops and engine sheds, the Muslims were much more than 25 per cent, this was so even in the year when Mr. Hasan was deputed to make inquiries into the proportion of Muslims in the Railway services. According to Mr Hasan's Report we find that in the Transportation Power Department, in the Eastern Bengal Railway the Muslims were 44.28 per cent, in the North Western Railway 42.65, in the East Indian Railway, 44.74. Not only this, Sir, but I know it as a matter of fact that in the North Western Railway workshops at Lahore most of the employees are Muslims, and there may be only ten or twelve per cent non-Muslims . . . . .

**An Honourable Member:** They are all labourers.

**Bhai Parma Nand:** But sometimes they get Rs. 5 and Rs 7 per day.

**An Honourable Member:** They are on daily wages

**Bhai Parma Nand:** Yes, but in these hard days it is bread that counts, and bread is a big problem. There are people, educated people, who are willing to accept the lowest position anywhere. I had an occasion to write to the Honourable Member in charge, some time ago, complaining to him on behalf of Hindus who were not taken as even porters, because they said that somebody who was a Muslim had the monopoly to enlist porters and the Superintendent of the Railway Station being in his favour, Hindus were not taken as porters. The same complaint is to be found even in Lahore and other big stations on the North Western Railway. So, when we talk of the total proportion of one community as against another, we should not lose sight of the fact that all those people who are trying to get their bread by different kinds of services, however low they may be, are in service of the railways.



I do not want to take the time of the House but I want to refer to one more point. My Honourable friend, Mr. Piracha, said in his speech the other day, that in 1933 when the Muslims in the Assembly began to clamour for their so-called rights in the Railway Department their proportion was about 22 per cent. and now, after seven years of hard struggle, their proportion was just the same or even it has gone down lower than 22 per cent. That was a great riddle to be solved. Wherever we go we are told that the Hindus are not recruited anywhere. In Lahore itself most of the Hindus apply for jobs, but it is rare that a Hindu is taken in service, whether as clerks or in any other position.

**Mr. Muhammad Nauman:** What about the Eastern Bengal Railway and the East Indian Railway?

**Bhai Parma Nand:** As a result it is impossible to understand the statement of Mr. Piracha that the Muslim proportion has become lower than what it was in 1931.

**Mr. Chairman** (Mr M. S. Aney): The Honourable Member's time is up

**Bhai Parma Nand:** It is a great puzzle to me and, I expect the Honourable Member to solve it. One thing more. This has become a recurring practice now with the Muslim Members as it is not only this time that they are pressing on it, but even during Sir Muhammad Zafrullah's time also the same attitude was adopted

**Mr. H. M. Abdullah** (West Central Punjab: Muhammadan): Sir, the grievances of the Muslim railway employees are multiplying every day, but the unfortunate part of the affair is that the Muslim associations which are sponsoring their cause have no voice, because they are unrecognised, and whatever complaints are put forward by them are not investigated by the Government or the departments concerned

We had great hopes that something would be done to ameliorate the status of this unfortunate community, but our hopes have been frustrated on account of limited terms of reference of the DeSouza Committee which has recently been set up by the Government. The Committee is not authorised to investigate cases of Muslim victimisation in various forms at the hands of the majority community who are in preponderance in every branch of railway service. Therefore, we do not think that any useful purpose will be served by this Committee.

Muslim associations have published various memoranda detailing therein series of cases of the victimisation of those who are already employed and a differential treatment accorded to them at every step. There are no Muslim officers who can check this high-handedness, and establishment sections are stuffed with Hindu majority. Various tactics are adopted to bar the Muslims from promotions and recruitment. If the Government realise that Muslim percentage in initial appointments is essential according to the fixed quota, it is their moral obligation to protect those who are already in service. This can only be done if the establishment section is immediately provided with adequate Muslim representation according to the provisions of the Government Resolution of 1934.

[Mr. H. M. Abdullah]

So far as the initial appointments given to the Muslims are concerned, it is not sufficient to feel contented to notice that a certain percentage has been recruited, but it is the duty of Government to see whether those recruits have ever been confirmed or they are merely engaged to serve as an eyewash and bluff the higher authorities regarding the observance of the Resolution of 1934. Under such circumstances, it will not be probable to find one man's name on thirteen occasions of initial appointment for short terms to prove that thirteen Muslims were appointed during the period.

In conclusion, it is hoped that the Government will not try to evade investigation and proper remedy of the Muslim grievances on the mere formalities of the Associations raising such voice being recognised or unrecognised. With these words, I resume my seat and support the cut motion.

**Rao Sahib N. Sivaraj** (Nominated Non-Official). I did not intend to take part in this debate and to speak on this particular cut motion, but having regard to the trend which my Honourable friends, Sir Henry Gidney and Mr. DeSouza, have given to this discussion . . .

**An Honourable Member:** Louder please

**Rao Sahib N. Sivaraj:** . . . I felt that it was my duty to intervene on behalf of the community to represent which I am nominated here. For two reasons I am very particular that I should speak on this occasion. One is that, if I failed to take part in this discussion, I might be deemed both in this House and outside to be at least indifferent to the interests of my community, if not actually inefficient to advocate the cause of my community. My second reason is that I might be creating the impression that the interests of my community, on account of my silence, are secure in the hands of the Government of India as those of the interests of the other new minority, namely, the European minority. It is for those reasons that I am anxious to make a few observations on this motion.

If I try to quote statistics I feel that I am helpless. I tried to find from the pages of the Railway Administration Reports, but very few figures are available to me even to strike a percentage which the members of my community may have in the matter of services except in the one statement where I find this. The statement says, "Statement of all employees including all classes of servants in the Railways", and under the heading Hindus the depressed classes share at least a proportion of, I believe, four to one, but as the statement proceeds we find practically nil in the column relating to depressed classes. Some peculiar asterisk mark says, "Candidate was not available". So much so that, if I try to make out a case on the statistics provided to me in the Railway Administration Reports, the matter is beyond me, I find it hopeless. Consequently, I merely will have to request the House to join with me in enforcing upon the attention of this Government the necessity of finding out the causes for such a hopeless state of affairs as regards the representation of my community.

No doubt, Sir, I have seen, from my experience of many officers under the Provincial Governments and also some officers of the Central Government, that the answer is easily flung back 'Oh, there are no efficient people among your candidates. You have got to come up to the right standard'.

Let me say at once that the fault is not mine. The system of education that has been introduced and conducted and carried on in this country, the way the business has been organised in this country, the way the examinations have been conducted here, the way people were recruited in this country have made it impossible for me to have a straight fight and a fair fight with the rest of the communities in this country. Otherwise, I am perfectly confident from the few cases of scheduled class men whom we have been able to produce by accident—and I can assure the House and the Government of India that we are in no way inferior to any other community in this country either in the matter of talent or in the matter of industry. I may even go further and say that if the Government of India had the good sense and the generous heart to start a separate university for the scheduled classes like the one started for the Muhammadans, by this time we should have been able to produce men capable of occupying some of the highest positions in this country both in the I.C.S. and in the all-India services and, if today I am not able to do it, it is because of the deficient system of education that has been introduced, which is the root cause of all the present communal wrangles and the root cause of my present state. So far as the services are concerned, it is indeed a tragic irony that somebody feels that it pays to be a Harijan. One of the most curious statements that I came across was one in the *Hindustan Times* the other day. The caption says: 'It pays to be a Harijan' I believe it was some article by Mahatma Gandhi referring to the representation of Sikh Harijans on certain local bodies and there the caption says "It pays to be a Harijan". I wonder if it pays, but it is really not so. So far as the Hindus are concerned, I am very sorry to observe this, they are merely content to count our heads for the sake of population and for the rest they leave us in the lurch. A few other friends like the Muslims or even my friends the Christians merely count us as easy materials for conversion to their religion and I should also say that in the case of my European friends, in times of emergency, they merely count us as cannon fodder. I am against this classification of India into martial and non-martial classes but I should say that when the Europeans started their career of conquest or, shall I say, commerce or acquisition of provinces in this country, the earliest people who were recruited for the Indian Army were mostly people from the scheduled classes, particularly from South India. It is in one of these three capacities that we have been used and we do not count for other things.

Unfortunately, I have been appointed here as a Member owing to the generosity of the Government, so that I may get a chance of my representing the views of my community. It is practically a mockery to ask just a single individual like me to bear the responsibility of advocating the welfare and the interests of a great section of the population who, if I am not actually contradicting my friend, Dr. DeSouza, form the third greatest section of the Indian population and I thought that even now the Government of India had a chance, instead of showing lip sympathy, of showing their very sincere sympathy towards us when the chance occurred to them of nominating non-officials to this Assembly. Sir, the Government of India did not think of securing greater representation for the members of my community when the chance came. As a matter of fact they actually nominated people who were otherwise in great numbers in this House. Anyhow, in supporting the general principle underlying the motion that was moved by my friend, Sir Raza Ali, I desire to draw the attention of the Government of India to the deplorable and tragic fact of complete

[Rao Sahib N. Sivaraj]

absence of representation, so far as the scheduled classes are concerned, in the railway services and sooner than later it is better both for the Government and, generally, for the welfare and the interests of the communities concerned that they should take up an exhaustive inquiry as to the reason why it is not possible to secure candidates from the depressed classes and as to how and by what time it is possible to secure their representation. With these words, I support the motion.

**Maulvi Muhammad Abdul Ghani** (Tirhut Division: Muhammadan):

Last year I clearly pointed out to the House that the Resolution of 1934 was a faulty one. Apparently the Resolution was that 25 per cent. of the services have been reserved for Muslims but if you look into the Resolution you will find that after deducting the share of Europeans and non-Indians, whatever remains, one-fourth of that is to be given to Muslims. That is not 25 per cent. You know that at present in the higher services, Europeans are 47·7 per cent. and their remnants, the Anglo-Indians and the domiciled Europeans are 9·16 per cent. So practically it means that about 58 per cent. of seats in the higher services have been taken away. Then only 42 per cent. remains and 25 per cent. of 42 per cent. is only 10·5 per cent but the Muslims are only 7·02 per cent and why there is so much clamour in the House that the Muslims are going to get 25 per cent. As regards the figure of 29·9 per cent. upon which much emphasis was laid both by my friends, Sir Henry Gidney and Mr. Lalchand Navalrai and others, I want to submit to you that there is some fallacy about it. I doubt whether the figure has been correctly worked out. If you refer to page 57 of the Administration Report for the year 1932-33 you will find that the number of Europeans serving in gazetted services in 1925 was 822. In the Railway Administration Report of the year 1938-39, if you compare, you will find that the number of Europeans in 1925 was 732. Which of the two figures am I to take as correct? Am I to take the figure 822, as shown in the report of 1932-33, to be correct or that the number of Europeans, say 732 on the 1st April, 1925, as shown in the report of 1938-39, to be correct? If such is the way of working, if such is the way of taking a percentage, we cannot rely upon the figures. This is about the gazetted service. I will now take the non-gazetted services. You will find that the total of Europeans serving in the non-gazetted services in State-managed Railways was 1,717. If you will compare that with the report of 1938-39, this very figure comes down to 1,689. I fail to understand where the 28 officers in the latter case and 90 officers in the former case had gone. However, this is the way of dealing with things. If you will compare the figure of 1932-33, the percentage of Muslims in the higher services in the year 1925 is shown to be 2·31. The same figure, if you will compare the report of 1938-39 you will see, has come up to 2·44: in one place it is 2·81, in another place it is 2·44; which of the two figures should I take as correct? There are three categories of Railway services,—the gazetted services, the non-gazetted services rising up to Rs. 250 and the menial services. If you take the gazetted services, it has already been pointed out that the percentage of Muslims is 7·02, in 1939 and in non-gazetted services the percentage of Muslims is 6·08. This is already in the report. The percentage of my friend, Sir Henry Gidney's chosen lot, chosen people

is 42.54 in the non-gazetted services and 9.16, *i.e.*, more than Muslims in the gazetted services. Even then, there has been necessity for the Government of India to change that Resolution of 1934. They passed a Resolution and sent out a circular that 40 per cent. of the posts should be reserved for the remnants of the Anglo-Indians. Is this desirable, Sir?

**The Honourable Sir Andrew Olow:** Will the Honourable Member kindly specify the grades in which 40 per cent. is to be reserved for non-Indians? I never heard of it.

**Maulvi Muhammad Abdul Ghani:** Last year a 40 per cent. reservation was made for Anglo-Indians and Domiciled Europeans in the Railways and in the Posts and Telegraphs. I say subject to correction if I am wrong.

**The Honourable Sir Andrew Olow:** I think the Honourable Member is referring only to telegraphists, as far as I can make out.

**Maulvi Muhammad Abdul Ghani:** There are three categories—about the gazetted services, the subordinate services and the menial services. Now, taking the number of menial services, say pointsmen, peons, chaprassis, etc., the figure of Muslims has been shown to be 29.9 per cent; and it is said here on the floor of this House that everything must depend upon promotions. May I submit to you, Sir, can a chaprassi, can a peon, can a pointsman become the Agent? Can he become an engineer? If promotion is allowed, and recruitment is not made in the intermediate stages—as my Honourable friend, Sir Henry Gidney, has just opposed in reply to Sir Raza Ali and said that there is no necessity of making any direct recruitment in the intermediate stages, what becomes then of the position of the Muslim services? It is said that posts are reserved for Muslims but people are not available . . .

**Lieut.-Colonel Sir Henry Gidney:** Sir, on a point of personal explanation, with all respect to my friend, I deny having said that I opposed direct recruitment, to various intermediate stages, of Muslims. I said “for everybody”.

**Sir Abdul Halim Ghuznavi:** Excepting Anglo-Indians\*

**Lieut.-Colonel Sir Henry Gidney:** And Ghuznavis too

**Maulvi Muhammad Abdul Ghani:** I may cite to you one case as an instance. In the Lahore Division in 1938 two seats were reserved for Muslims for the post of tracers. Two Muslims were also appointed, but do you know what happened subsequently? In 1939, one non-Muslim was indented from the Quetta Division. That gentleman was confirmed and one of the Muslims was dislodged. Is that a fair way of dealing with this question? He was not confirmed. Two Muslims were appointed on probation, and before the probationary period was over, another man was dropped from somewhere. Sir, these are the ways of dealing with things. I have got innumerable instances, file after file in my possession. I have got very little time, Sir, and I resume my seat.

**An Honourable Member:** The question may now be put.

**Sardar Sant Singh:** Sir, it is a happy state of affairs that our Muslim friends, whenever they participate in the Railway Budget debate, they come under the label of a minor community in India casting off the label of being a second nation. (Interruption.) If they claim to be a separate nation, according to my humble judgment the question of representation in services does not arise: as a separate nation, they are out of court.

**Sir Syed Raza Ali:** All of them are to come to you!

**Sardar Sant Singh:** They say, "we refuse to be Indians" and so I say to them "you have no right to be specially treated in the Indian Railway services". However, this is only to remind them of the inconsistencies of their political views. The second point which shocked me, coming as it did from the mouth of my Honourable friend, Sir Syed Raza Ali, is that he claims to base his demand on the solid, moral considerations. Sir, surely, the conception of morality involved in this demand is different from what we mortals have of what morality is. If he had come on the ground of strong, solid, political considerations, I would have understood him, particularly in the time of war when they claim that their rights should be considered over and above the rights of other communities living in this country. However, I was waiting to hear Dr. Sir Ziauddin to give us some enlightenment on the reading of the figures in the report, but somehow or other he kept quiet this time. I will, therefore, read out to the House what their position has been in the last year according to the report furnished to us. In Chapter VIII, on page 101, under the heading 'Staff' where the total number is given, I find that on the 31st March, 1938, the number of Europeans was 2,700. On the same date in 1939 it was reduced to 2,505. The number of Hindus in 1938 was 3,94,443 and it was increased to 3,97,025 in 1939. The number of depressed classes in 1938 was 99,807 and their representation was increased to 1,04,218 in 1939. The Muslim representation in 1938 was 1,53,586 and it increased to 1,54,837 in 1939. There is an increase of 1,250. The number of Anglo-Indians increased from 12,860 to 13,440, while we, the poor Sikhs, showed a decrease from 8,067 to 7,745. I hope the Honourable Member for Communications will note it. The number of Indian Christians increased from 17,218 to 17,703; the number of Parsees increased from 1,507 to 1,513; and the number of 'other communities' decreased from 1,803 to 1,680. According to these figures, the sufferers from the policy of the Railway Board in the matter of recruitment are only two communities, the Sikhs and other communities. Of course, there has been a decrease in the number of Europeans too. But may I ask how, with these figures before us, can the Muslims move a cut motion which has become the annual treat on this occasion?

**Sir Syed Raza Ali:** Unfortunately, yes.

**Sardar Sant Singh:** Because the unfortunate part is that it is not that you are not being recruited but your grievance is that you are not sufficiently being pampered. You want more pampering.

**Sir Syed Raza Ali:** It is quite true that there are pampered communities in India.

**Sardar Sant Singh:** Referring to page 104 of the same report, I find that in the superior services of the State-managed Railways, there is not a single Sikh. The percentages given there show that there are 50 per cent. Hindus, 21·5 Muslims, 14·8 Anglo-Indians and Domiciled Europeans. At this stage, I may point out that the population of Anglo-Indians in India is exactly the same as that of Sikhs. The percentage of Indian Christians is 7·1 and that of Parsees 7·1. Let it be remembered that the population of Parsees is much less than that of the Sikhs. Similarly, in the matter of promotion, there is no Sikh. The column of Sikhs is shown as blank. In the matter of the lower gazetted service, only one Sikh was taken in the Engineering service this year, while in the case of direct recruitment to the superior establishment, not a single Sikh has been taken.

**Dr. Sir Ziauddin Ahmad:** On a point of order, Sir. The particular cut that is now before us relates to the representation of Muslims. Can an Honourable Member introduce the grievances of other communities also?

**Mr. Chairman** (Mr. M. S. Aney): The Honourable the Mover of the cut himself in explaining his position said that this refers to other minorities also. He included other minorities also, so the Honourable Member is perfectly in order in referring to the grievances of other minorities.

**Sardar Sant Singh:** If, on account of the position to which I have referred, my friend, Dr Sir Ziauddin, wants to interrupt me and bars me from saying about the Sikhs, I think he will like it better if I said something about the Muslims. So, I will turn now to that side of the question.

The grievance is made that the Muslims have not been appointed in higher services. I can only throw him a hint as I do not want to go into that question. But does he know how a Muslim Member of the Railway Board was appointed? At whose expense was he appointed and how the orders were changed in favour of this gentleman? Was it due to efficiency or seniority? Well, Sir, I do not want to enter into that question, but I must say this that the policy of the Government has been such as to excite a sort of pity—I do not wish to use a stronger word—on the administration which has fallen into two errors. The first error was of giving a Communal award and the second was of giving a communal service award. Once the service award was given, it was known that it will lead to a good deal of heart-burning and bickerings of this kind. Their point of view of looking at the problem is entirely wrong even from the Government consideration which my Honourable friend, Dr. Sir Ziauddin, will appreciate. He knows a good deal of mathematics and I have great respect for him. Now, in considering the percentage of recruitment of Muslims in the services, does he take the Europeans into consideration? Let him also include Anglo-Indians and others in the other communities of India, such as, the Hindus, Muslims, Sikhs and Parsees. In that case, will he not find that there have been cent per cent appointments of Muslims at the expense of other communities? In the Railway Board, there is one Muslim and no Hindu, no Anglo-Indian, no Christian and no Sikh. Similarly, the Secretary is a Muslim and there is cent per cent representation of Muslims.

**An Honourable Member:** The Secretary of the Railway Board is not a Muslim.

**Sardar Sant Singh:** Then, what is Mr Zahid Hussain? I beg your pardon, he is a Deputy Director. Similarly, in the establishment branch, what is the percentage of Muslims amongst the Indians? That is the way of looking at it. If the percentage is to be taken, they must take it amongst the Indians only. If you take Indians as a whole, you will see that there are places where the Muslims are occupying cent. per cent. positions. If you have to look from a communal angle with only communal spectacles you must look at it from this point of view. Therefore, I would say that during this year at any rate, there is very little complaint to make against the Railway Board.

Then again further they had the advantage of the appointment of Muslim officers to see to the new recruitment and to see that the Circular of 4th July, 1934, was being acted upon. Now, Sir, they have got another advantage of an Officer being appointed to look into the working of that circular and this Officer is probably touring round and with him a Muslim subordinate is attached to look into it. What is the result? The other communities are being ignored.

**Mr. Muhammad Nauman:** There is a Sikh stenographer attached to this Officer.

**Sardar Sant Singh:** Well, if my Honourable friend wants a reply to his remark, I can only say this. Look at the number of labourers employed in the workshop at Moghulpura. My submission is that I have received complaints only a few days ago from my community with regard to this enquiry. It appears the North Western Railway administration was asked to furnish the numbers of members of the staff of the various communities. They furnished a particular number about Sikhs and in that list they included all the Rajputs, Garwalis and so on whose names ended with the suffix 'Singh'. This increased on paper the representation of the Sikh community. What is the meaning of all this? Why do you give false figures?

[At this stage, Mr. President (The Honourable Sir Abdur Rahim) resumed the Chair.]

My submission to the Honourable the Railway Member is this: that when he calls for statistics, he should see that particular communities are not wrongly put down as having more representation than what they really have. Why should there be any manipulation in figures. If the Honourable Member wants to know the real position about communal representation and about how the communal circular is working and whether this circular should continue any longer, he should take proper steps to get the right figures.

**Mr. F. E. James** (Madras European): You must associate members of each community with the officer who enquires into the working of the circular?

**Sardar Sant Singh:** I welcome this idea, coming as it does from my Honourable friend, Mr. James. Why not appoint members of other communities to safeguard the interest of those particular communities?



Why should there be this speciality about the Muslim community alone? Why should a Muslim be appointed to enquire into one particular community, namely, the Muslims? Why should not the Government watch the interests of other communities also?

In conclusion, I have to make only one suggestion. My Honourable friend, Bhai Parma Nand, made a very good point. After all, the Railway Department is a commercial department in which representation should be according to the amount of contribution paid by each community. If the thing is to be settled on this basis, we will see that according to trade and according to commerce, according to the quantity of goods offered for carriage, according to the number of passengers conveyed, we should fix the proportion for each community. If this principle is followed, it will convince all the communities that they are getting their due share in proportion to the contribution which they make to this great firm of railway department. With these words, I oppose the motion.

**The Honourable Sir Andrew GLOW:** Sir, this is, I understand, an annual debate and I recognise that there are many people who feel keenly on the subject. I know that particularly among the Muslim community there are many who think that they are not getting justice. With a great organisation like the Railways in India which employs about seven lakhs of people, there are bound to be cases of injustice here and there. But that there is any widespread injustice that is directed against the particular community honestly, Sir, I do not believe. I know that there are frequent cases brought to my notice and I have looked into them quite a number of times. I am told that a discharge order of Mr So and So was passed because he was a Hindu and had a Muslim officer above him, and that Mr 'B' had his increment stopped because he was a Muslim and the officer above him was not. But when one looks into these cases in practice, in very few cases it is found that there is anything in the way of communal bias. It is a weakness which we all share to attribute our failures to our bad luck and our successes to our merits and when someone does not get what he has expected to get, the natural instinct is to look round for some reason external to oneself. And at a time when communal feelings are unfortunately keen, it is not unnatural that those who feel that they have very few officers to look after them in the ranks above should often attribute to them a communal bias where no such bias exists. In fact, I have known one or two officers of the majority community whom I could have criticised on the ground that they were not willing to take strong enough action against incompetent members of other communities because they feared that it would be attributed to wrong motives. But as I have said, that feeling of injustice, whether it is well founded or whether it is not, is one that we would all like to dispel. If a man feels he is being treated unjustly for no fault of his own, and if anything I can do to allay that feeling and yet be just to other people, I will be glad to do it.

As regards this question of Unions which we were discussing on a previous cut and which has also been raised on this motion, is it really in the interest of the services that officers serving alongside each other, serving in the same grade, serving the same public, serving the same administration, that they should be divided into two camps, whose duties are, too often, unfortunately, when communal unions are formed, to attack members or officers of the other side and to put forward purely sectional interests. It was suggested to me that in some Unions, the Muslims were

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not given proper opportunities because they were in a minority and they did not, therefore, get their grievances properly put forward. Well, I would remind Honourable Members that in the first place, the relations of the Unions with the administration are not normally concerned with individual cases. They are concerned with questions affecting the sections of the staff, as a whole. In the second place, while we do not recognise Unions that exist for nothing but communal interests, we have never set our face against the recognition of more than one Union. Administrations, naturally, do not like a multiplicity of Unions. They would prefer to deal with one or two men who can speak on the part of a large part of the staff. But if in any particular Union, any individuals, to whatever community they belong, feel that they are not getting a fair deal, it is surely open to them to form another Union, but not a Union from which they will exclude their fellowmen because they happen to belong to a particular community.

Now, Sir, to come to the question of recruitment, it is a question with which most of the speeches have dealt with. There was only one direct attack on the Circular of 1934 and that was by Dr. DeSouza whom we are glad to see back again. He described it as "iniquitous", partly because the Christians did not get some kind of percentage which he thought they ought to get. Well, Sir, I have in front of me the percentage of posts given to Christians in the last five years and I do not think that in any year the percentage has fallen below the percentage of their population. I am sure that my Honourable friend, Dr. DeSouza, did not mean to suggest that I should favour the faith to which I myself belong.

**Dr. F. X. DeSouza:** Certainly not.

**The Honourable Sir Andrew Clow:** I have more sympathy with the plea put forward by Mr. Sivaram because his community—I think we will all agree—is under-represented. But I cannot accept his assurance that the men are there whenever we want them. I think all we can do is to look forward to the day when they will be there and when they will take a larger part in bearing the burden of the administration in India.

**Pandit Lakshmi Kanta Maitra** (Presidency Division Non-Muhammadan Rural): What is the percentage fixed for these two communities?

**The Honourable Sir Andrew Clow:** There is no specific percentage. They rank as minorities in most cases.

The other point raised with regard to the Resolution was the suggestion that we were not carrying it out and we were asked to appoint inspectors or other gentlemen to see that it was being carried out. That is the precise point of the inquiry which is now going on and on which Mr. DeSouza and Mr. Khan are engaged. They are going into the matter with great care and considerable detail. I do not doubt that they will find in some cases that officers have made errors of judgment and errors of interpretation. But, I have nothing before me at the moment to suggest that there has not been an honest and *bona fide* attempt to carry out the Resolution and that in general it has not been carried out. The usual suggestion was made by Mr. Bhutto that perhaps the figures were

inaccurate. I should be very sorry if they were. There must of course be inaccuracies in all figures; I think there were some inaccuracies in Mr. Abdul Ghani's. But we are going to do what we can to check them, and I am in touch with Mr. Campbell who is the Controller of Railway Accounts. He is considering methods which he can adopt by way of a test check, which I hope will be periodical, to see that there are no serious errors in the figures supplied.

I was glad to hear from Mr. Bhutto and from other speakers that the demand was not one for communal discrimination in the matter of promotion. That I think, although I have seen it asked for in some communal papers, would be a most disastrous step. For a man to feel that when he and some fellow man, perhaps his friend, have worked alongside all their service, when the chance of promotion comes they are not going to be treated like and like, or that one man who is perhaps below him and perhaps less competent is to be promoted over his head because he belongs to a particular community, would have a disastrous effect on the sense of justice and consequently on the efficiency of service. But although I do not think he quite realised it, the plan which Sir Raza Ali put forward, so far as I was able to grasp it, would have the result of producing discrimination in promotions. So far as I have understood his proposal, and he will correct me if I am wrong, it was this. When you come to promote to a certain grade, let us say you have three vacancies and the Muslim percentage is one-third on that railway, then if among the three men best fit to be promoted one is a Muslim, nothing more need be done. But if all the three happen to belong to other communities one of these three must be denied promotion for the moment and you must look round in the outside world for somebody to select. Surely that is in another form discrimination in the matter of promotions. It means that till the Muslim comes up to the requisite seniority there is no bar to his going ahead, but when a member of another community comes with equal deserts and has earned exactly the same promotion in exactly the same service and is exactly of the same efficiency his promotion is to be withheld so that we may go outside and recruit a man with no experience at all.

**Sir Syed Raza Ali:** Sir, I do not want to interrupt but I do not think my Honourable friend is right. There is no question of promotion being withheld from any community. All the communities would be entitled, under my scheme, to promotion according to their numerical strength and the proportions laid down for those communities by a particular railway.

**The Honourable Sir Andrew Olow:** But I am just pointing out how in practice it would deprive persons of particular communities. In other words, if the first three men were all Hindus one of them would have his promotion delayed in order to allow for direct recruitment, whereas if among the next three men two are Hindus and one Muslim he would go straight ahead; so that discrimination comes in even there.

However, leaving that aside, because that is admittedly a minor effect, let us come to the real effects of this suggestion that we should recruit directly at every grade. I admit I was rather confused by Sir Raza Ali's speech because at one stage he said that there is no reason for making an exception in any category. But I gather that he would make exceptions and he was not pleading that we should put on the footplate of an engine

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a man who had never driven an engine before. I understood from him later that the categories he was thinking of were categories in which, as he said, no technical qualifications were required. That was his private remark to me and I hope he will not mind my quoting it. He was thinking of such categories as accounts and traffic. Well, I must contest the view that whereas in engineering you want technical qualifications, dealing with accounts and dealing with traffic are not also expert jobs; that a man can simply come in and after a very brief training take up a serious commercial and traffic post or take up a post in accounts. I am sure that view is profoundly mistaken. The main reason why we have incremental scales and why we have different grades is because we recognise that with experience a man grows more valuable, that his knowledge and experience account for something, and this bringing in of men at every intermediate stage is bound to make for inefficiency. My Honourable friend, Mr. Nauman, referred to the case of the Indian Civil Service. He said we bring in a young man and put him in and why cannot we do that all along the line? Well, we bring in a young man in the Indian Civil Service and for the first 18 months it would be fair to say that he is of little or no assistance to the community. They are being trained; and we do not bring them into every grade; we do not bring them as Assistant Magistrates, as Joint Magistrates, as Collectors or as Commissioners—which is what we are asked to do in the railway services.

**Mr. Muhammad Nauman:** What we mean is that in the matter of accounts a man who has got a degree from a recognised university is as qualified to take up accounts of railways as he is to take up accounts in a company or a firm.

**The Honourable Sir Andrew Clow:** I am sorry; then I am afraid he and I must differ on that point. And actually we do recruit directly at stages in which we believe it conduces to efficiency. We do not require that subordinates should have served as menials; we recruit to the officers' grades directly, and we recruit wherever we believe that there is a fundamental difference in the duties at which men of a different type of education and training are required. But to say that when you have, let us say, four grades of guards or Station Masters or Assistant Station Masters, all doing duties which fall in the same group and all gradually learning to hold more and more responsible posts, that at each of those stages you should introduce men who, however quick they are in the uptake, will require two or three years of training, through which they will be getting pay but will not be rendering any corresponding service. I submit that that would result in a very great increase in inefficiency.

The second argument against it surely is that it really is not just. I have had the case put before me, for example, in the last cut, of guards by Sardar Sant Singh on the North Western Railway, of loco. drivers by Mr. Joshi, and other cases, cases in which men have been blocked for promotion, not necessarily through any fault of their own, although I admit there are some who have been passed over for a good many years, men who are looking forward in the closing years of their life to filling a job a little higher and finding that the prospects are extraordinarily poor. Although they have qualified themselves for those posts for many years it is suggested that there should be brought in young men who have had no

previous acquaintance with the railways and that we should put them in the posts above them and ask them to serve under men of that type. I honestly believe that this demand is, even on the part of the Muslim community, a temporary demand, and that when these percentages which they now get have had their fulfilment and when the grades are full of Muslims in roughly the present proportion of recruitment, the Muslims would come forward and say that the system is intolerable and unjust and would ask us to abolish it . . . .

**Mr. Muhammad Nauman:** We said we want it temporarily.

**The Honourable Sir Andrew Clow:** Temporary injustice?

**Mr. Muhammad Nauman:** Not injustice exactly, but so long as we do not get our percentage, special chances should be given.

**The Honourable Sir Andrew Clow:** I have pointed out that I believe it to be unfair. I cannot reverse the course of history. We cannot work in politics or in administration or anything else upon a clean slate. We have got large—perhaps unduly large some may say—percentages of other communities who were taken into the services with certain prospects before them, and are we now going to say to them: “We are going to take away your prospects”?

**Sir Syed Raza Ali:** That was not my intention.

**The Honourable Sir Andrew Clow:** I am sure Sir Raza Ali has moved his motion with the best of intentions, I am only pointing out the inevitable result, that if you recruit at every successive grade for a particular proportion of posts, you are bound to take away from the prospects of those who have expected that grade to be filled solely by promotion.

**Sir Syed Raza Ali:** No. Recruit a particular proportion of Muslims, and not any other community, unless they want it.

**The Honourable Sir Andrew Clow:** Suppose there are four or five grades and suppose one of them is filled entirely by Hindus and Anglo-Indians; they have a certain expectation of promotion to the grade above which is filled by promotion. The minute you say that so much percentage of that upper grade must be filled by Muslims taken from outside you take away correspondingly from their prospects. I do not see how you can get round that . . . .

**Dr. Sir Ziauddin Ahmad:** I think you are putting the case rather incorrectly.

**The Honourable Sir Andrew Clow:** It is a question of mathematics. I also want to point out that we have not closed the door to recruitment at intermediate stages when the interests of the service make it desirable. We have given permission to recruit up to twenty per cent. at intermediate grades. But that is a power which has to be exercised with great care particularly when you have, as you have in some cases, serious blocks in promotion.

But, finally, I would put this point, that even if one were to accede to this demand, it would not, as so many people appear to think, hasten the representation of Muslims in the services. It would not increase their

[Sir Andrew Clow]

representation. It would merely distribute it differently; the number of vacancies arising every year would not be affected by a system of this kind. When you put direct recruits in the higher grades, you are obviously stopping up the filling of junior grades which we fill on the communal proportion. So that this idea that, by using a large number of doors into the service, we are hastening Muslim representation in the services is, I believe, fundamentally mistaken.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member's time is up. The question is:

"That the demand under the head 'Railway Board' be reduced by Rs. 100."

The Assembly divided:

#### AYES—18

Abdul Ghami, Maulvi Muhammad,  
Abdullah, Mr. H. M.  
Abdur Rasheed Chaudhury, Maulvi.  
Azhar Ali, Mr. Muhammad.  
Bhutto, Mr. Nabi Baksh Illahi  
Baksh  
DeSouza, Dr F X  
Essak Sait, Mr H. A Sathar H  
Fazl-i-Haq Piracha, Khan Bahadur  
Shaikh  
Ghiasuddin, Mr M

Ghulam Bhik, Nairang, Syed.  
Mehr Shah, Nawab Sahibzada Sir  
Sayad Muhammad.  
Nauman, Mr. Muhammad.  
Raza Ali, Sir Syed.  
Siddique Ali Khan, Khan Bahadur  
Nawab  
Sivaraaj, Rao Sahib N.  
Umar Ali Shah, Mr.  
Yamin Khan, Sir Muhammad  
Ziauddin Ahmad, Dr. Sir.

#### NOES—46.

Abdul Hamid, Khan Bahadur Sir.  
Abdul Hamid, Khan Sahib Shaikh  
Ahmad Nawaz Khan, Major Nawab  
Sir  
Aikman, Mr A  
Aney, Mr. M S  
Bajpai, Sir Girja Shankar.  
Boyle, Mr. J D  
Cairoe, Mr. O K  
Chambers, Mr S P.  
Chapman-Mortimer, Mr T  
Chettiar, Dr Rajah Sir S R M.  
Annamalai  
Clow, The Honourable Sir Andrew.  
Daga, Seth Sunderlal.  
Dalal, Dr R D  
Dalpat Singh, Sardar Bahadur Cap  
tain.  
Dumasia, Mr N M  
Gidnev, Lieut-Colonel Sir Henry  
Griffiths, Mr. P J  
Gwilt, Mr E L C.  
James, Mr. F. E  
Jawahar Singh, Sardar Bahadur  
Sardar Sir  
Kamaluddin Ahmed, Shams-ul-  
Ulema  
Khan, Mr. N. M.

Kushalpal Singh, Raja Bahadur.  
Lalchand Navaijai, Mr  
Lillie, Mr C. J W.  
Mackeown, Mr J A.  
Malaviya, Pandit Krishna Kant.  
Maxwell, The Honourable Sir Rega  
nald  
Miller, Mr C C  
Mudaliar, The Honourable Diwan  
Bahadur Sir A Ramaswami.  
Ogilvie, Mr C. M G.  
Oulsnam, Mr. S H Y  
Parma Nand, Bhai  
Pillay, Mr T S S.  
Raisman, The Honourable Sir  
Jeremy  
Raper, Mr J H F.  
Sant Singh, Sardar  
Scott, Mr J Ramsay.  
Sen, Rai Bahadur G. C.  
Sheehy, Mr. J F.  
Sher Muhammad Khan, Captain  
Sardar Sir.  
Singh, Raja Devaki Nandan Prasad  
Spence, Sir George.  
Staig, Mr. B. M.  
Zafrullah Khan, The Honourable Sir  
Muhammad.

The motion was negatived.

**Mr. President** (The Honourable Sir Abdur Rahim): The Chair does not know if the Muslim League Party wishes to move any other amendment.

*Conditions of Service in Railways.*

**Mr. Muhammad Ashar Ali** (Lucknow and Fyzabad Divisions: Muhammadan Rural): Yes, Sir, I have in amended late list No. 2. It reads thus :

"That the demand under the head 'Railway Board' be reduced by Rs. 100."

Sir, conditions in the railway services stand on an equal footing with the services in every other department of the Government of India. Service conditions require that there should be first of all safety and, secondly, the services should be attractive enough. Employers should also attend to the pay, prospects and promotion of the employees and they should also try to remove the grievances of the employees so that they may be contented. The Honourable Sir Andrew Clow in his speech just said that he was prepared to mete out equal justice and to also consider the cases of aggrieved persons if such cases were brought to his notice. I was really glad to hear it. But, Sir, the fact remains that the service conditions on the Railways are not quite as satisfactory as one would wish. There is a Persian saying which says.

*"Mazdoor-i-khush-dil kunad kare besh"*

It means that a labourer who is contented always does his work efficiently and works hard, but since we find that service conditions in the Railways of India are not what they should be, I think I have a right to stand here and move this cut. The Honourable Member for Communications also just now said that it was not right to recognise Unions or Federations of Unions if they were communal. Sir, it is a matter which concerns the community, and, unfortunately, in this country, there are many communities, and you cannot deny that fact. You have to look to the interests of the community, and in the year 1934 you came out with the Resolution offering to look to the interests of the communities. Therefore, Sir, it is somewhat too late in the day to say that communal Unions or Federations of Communal Unions, whether they be of Europeans or Muslims or Hindus, cannot be recognised. Who are the people who will redress their grievances if you do not do proper justice? Where are the communities to go to if you don't look after their interests? Please do not be under the impression that these Unions or Federations have been started merely to create trouble or bother the Treasury Benches here. They are started to safeguard the interests of the members of the communities. Why should they not form their own Unions? Your idea is that there should be no separate communal Unions or Federations. That is not in consonance with the modern conditions of the world which is in turmoil today. Sir, these are days of socialism, these are days of forming International Unions, and so how does it lie in your mouth to say today that it is not right to form our own Unions or Federations . . . . ?

**The Honourable Sir Andrew Clow:** I do not think, Sir, I made any such remark as the Honourable Member is attributing to me. I did not say anything of that kind.

**Mr. Muhammad Azhar Ali:** Therefore, in this age of socialism practically when every youth in India, every youth in Europe, is saturated with ideas of socialism, to come forward and tell us not to start our own Unions or Federations is somewhat too late in the day.

There are complaints that service conditions in the Railways are not what they should be. There is no doubt that the administration is in your hands and, therefore, you can dictate anything you like on the floor of the House, but the fact remains that you should look to the conditions of service, and the safety of the services as well as the attractiveness of the services to the employees. How can you expect the employees to be contented when their appeals sent up to you or to the Agents are not cared for or are thrown into the waste paper basket? It is time that the Government of India recognised the strength of these Unions. There is a Persian saying which says :

*"Shér-e qalín aur hai, shér-e nayastán aur hai."*

That is, "a lion depicted on a carpet is absolutely different from a lion in the jungle"

That lion in the jungle is the master of the railways, is the lower non-gazetted staff of the railways, there are about 70 millions of people who are serving the railways. Is that a small number?

**An Honourable Member:** Seven lakhs

**Mr. Muhammad Azhar Ali:** I stand corrected. It is not a small number still. You have to look to the conditions of service, safety and welfare of these people. I am not going to say anything about the gazetted staff, classes I and II. My subject for discussion this afternoon is the non-gazetted staff. I am not concerned with the gazetted staff because I know they can very well look after themselves. They are well provided for in every way, they have every comfort, they have every right to approach the Railway Board or the Divisional Superintendent. But under this cut of mine it is the case of those non-gazetted staff that I want to deal with. In 1932, the Railway Board issued rules for the recruitment and training of subordinate staff which were revised in 1938 and their application to the subordinate staff in the branches and groups mentioned therein was made statutory. Initially the direct recruitment was authorised by those rules in the lowest grade, and even now the recruitment in the upper subordinate group should be opened as in previous years. The Railway Board, in 1935, issued rules regulating the discipline and right of appeal. In 1937, the Indian Railway Enquiry Committee in paragraph 81 of its report recommended that a code of rules on (a) salaries, promotion, leave, etc., (b) discipline and appeals, and (c) accounts and audit procedure, was absolutely necessary in order to secure uniformity and preserve a sense of justice in any large organisation. These rules were to be absolutely observed and no exception could be made. Sir, if these rules were followed a vast amount of correspondence and irritation could be avoided, but, unfortunately, this is not so. The Agents of both the State-managed Railways and the privately managed railways should have realised the necessity of a code of regulations, and should have appreciated the advantage of a rigid interpretation. But the word "discretion" has spoiled the whole case and all these regulations and these codes are always brushed aside.



The Railway Enquiry Committee's recommendation is not new to this House, as, from the 28th November, 1932, till now, on every day allotted for railway questions, questions regarding abuses of rules, insufficient rules and even paucity of rules were tabled by the Honourable Members of this House. It is only in 1938 ultimately that the Railway Board published a Code under the style and name of "State Railway Establishment Code", which is also not even available from the Manager of Publications' offices; they say they are out of print now. The result is this. Because of the non-availability of these rules, these regulations, the Divisional Superintendent, the Agent, they have been using their discretion as the only rule. That is the only guide, the only code for the railway servants. Thus, the staff is left ignorant of their conditions of service as before. Even the rules contained in the Code are not rigidly interpreted and off and on they are abused. Thus, it is found that there are no rules. Every Agent or Manager or his clerk can interpret or exercise his discretion as he pleases and, unfortunately, that discretion is always signed or endorsed by the Manager or the Agent and the result is that owing to the inadvertence of the clerk or his deliberate mistake or deliberate intention to cause injury the poor people have to suffer. It is very unfortunate that the Divisional Superintendents or the Managers do not really go into the cases themselves. They find the files when they came to them, to be very cumbersome and the result is they leave the applications or the appeals to their clerks, and the consequence is that poor people suffer. The instances of those abuses were brought to the notice of the Honourable Member for Railways in the lists referred to on pages 819 and 917 of the Legislative Assembly Debates, Delhi Session, 1938, and I further supplement those lists by placing on the table of the House another list today of the abuses and should be obliged if the Honourable Member for Railways can go into them and consider whether they are correct or whether they are simply rubbish. I would request the Honourable Member to be kind enough to consider those cases as I find from the speeches today and the speeches that he has been making on the floor of the House, during these few days, that he is really sympathetic to the claims and obligations of poor railway employees. Therefore, I am encouraged to place another list on the table of the House today.

In reply to a starred question No. 233 asked in this House on the 10th February, 1936, it is stated that general principles in fixing the scales of pay were adequate remuneration for the work done, but we find that assistant station masters, termed station masters on duty, who are responsible for the efficient working, are not adequately remunerated. Under them there is a staff of high scales of pay over whom they could not exercise, because of their low scales of pay, that vigilance which is their due. So also, posts in higher pay and grades usually held by or reserved for Europeans and Anglo-Indians are closed to other Indian communities by devaluation or abolition, against the very spirit of the Railway Board's letter No. 381-L, dated the 19th August, 1931, simply to stop Indianisation. Otherwise, I do not find any reason why they should not be treated in the same way as others are treated. Selections are held in non-selection posts in day to day promotions in grades or classes not declared selected grades or classes. Staff is punished without enquiry or on insufficient grounds and even where the gazetted officers fail to establish the charges or offence. For example, I should like to know from the Honourable Member for Railways on the floor of this House, when, where and who conducted the enquiry which was demanded by watchman Abdullah Khan of Delhi

[Mr. Muhammad Azhar Ali.]

Division, North Western Railway, who had commendations to his credit at the time he was discharged in February, 1938. If the Honourable Member for Railways, after perusal of the records, is convinced that he was victimised by an Inspector, he will not, I hope, hesitate to order his reinstatement with retrospective effect. If he does so, it will give a guarantee and surety to the services. In this very case the Railway Board, in its letter No E-36-AE-6, dated the 8th July, 1936, acknowledged that the discharge was not strictly according to the rules, but so far that irregular order has not been set aside. The fact is this that these railway employees are said to appeal to the Governor General, if they do not get their grievances redressed by the Railway Board. What happens to that appeal? When the appeal goes to the Governor General, the Secretary of the Department sends the appeal either to the Railway Board or to the authority who has discharged these railway employees and the result is that the same clerk who reported against these people will report again and the result will be that no redress will be granted. I, therefore, request the Honourable Member for Railways to examine the whole question of the conditions of service of the non-gazetted staff in Railways and prescribe a code for the staff, embodying therein that no punishment to any rank in the non-gazetted staff in Railways should be imposed by an authority lower than the Divisional Superintendent and also that the Divisional Superintendent should be prohibited from delegating that power to any authority under him and that a revision against the orders in appeal should lie to the Railway Board.

**Mr. President** (The Honourable Sir Abdur Rahim): 'The Honourable Member has one minute more.

**Mr. Muhammad Azhar Ali:** I shall finish in one minute. Establishment matters should also not be dealt with by an officer other than the Divisional Superintendent himself personally and this will relieve the branch officers to devote more time and energy towards the efficient and profitable working of the Railways. I may also refer to the three memoranda sent from Lucknow to the Honourable the Railway Member. They have been submitted by the East Indian Railway Muslim Employees' Association for the guidance and information of Mr. DeSouza and his assistant. With these words I move my motion.

**Mr. President** (The Honourable Sir Abdur Rahim): Cut motion moved:

"That the demand under the head 'Railway Board' be reduced by Rs 100."

(The Honourable Member cannot place any statement on the Table.)

**Mr. Lalchand Navalrai:** Sir, I will not take much time of the House. I went forthwith to congratulate the Honourable Member for Communications on his very lucid, sensible, I may say and very reasonable statement he has made with regard to promotions.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member cannot review that matter.

**Mr. Lalchand Navalrai:** Conditions of service is a very comprehensive term. I did not want to take long but what I was going to say is this . . .

**Mr. President** (The Honourable Sir Abdur Rahim). The specific matter of promotion has already been discussed and disposed of. The Honourable Member had better not refer to that.

**Mr. Lalchand Navalrai:** I thought the Honourable Member might be appraised of the position on the North Western Railway. What I was submitting was that in grade III, for guards, they are recruiting new men direct and there is a fear that persons who are blocked at Rs. 68 will be affected if any people are taken on by direct recruitment. The point I would like to put before the Honourable the Communications Member is that these are very small things and apparently this is causing great dissatisfaction and the condition of these people should be improved in such a manner that there should be satisfaction among the employees. The conditions of the loco staff have also got to be improved. For instance, in the Loco. Department we find that there are four grades. Fourth has been abolished. Grade III is now both for Indians and Europeans. Grade II is for literates and grade I for illiterates. Separate seniority list was kept. It was 50 per cent. for each grades I and II. They are now amalgamated. Literates will have to be superseded by illiterates. The idea of literates recruitment in circular No 177-E/15 of 28th August, 1928, was that the Government wanted to improve the Loco. Department by having literate people and these literate people were given to understand at that time that their seniority will be considered for that grade alone and not that both grades will be amalgamated. The condition of these people instead of being unproved has been retarded. Then, I am submitting another point with reference to the electric power houses on the Great Indian Peninsula Railway which was referred to by Mr Joshi. There are several employees of that railway in the electric houses. There are four or five sub-stations at different places to work the system by electricity. Now the idea is to centralise it and have one electric house alone. That will affect the condition of the employees. There are about 40 people and they may have to be turned out. Why should they be turned out at all? If there is one house, then all these men will not be required. I would ask the Honourable Member to see that these men are absorbed elsewhere. Otherwise the condition of these people would not improve at all. On the contrary, they will suffer and it will not be doing justice to these people if this scheme is going to be put into operation. I am submitting to the Honourable Member to consider whether it will be financially economical. The electric houses in different places give good work and why should they be centralised at one place. If it is going to be centralised, then the fate of these men should be taken into consideration.

Lastly, I will say a word with regard to the commercial staff. I raised this question in September last. The Honourable Member felt it was very hard on them, and in answer to my question the Honourable Member was pleased to say that their case was being considered. Now, I quite see that there would be some difficulty which the Honourable Member will have to face that there is a large number of employees, but then that could be done in some way; if it is not possible to amalgamate their grades, then they should be given certain promotions and certain number of posts should be created in grade II. If that also is not possible, a third way would be to give them some allowance when they are blocked at Rs. 60 or Rs. 80 and they have rendered service for 25 or 30 years and that they

[Mr. Lalchand Navalrai.]

should retire on that, that is very hard, therefore, if some way is found out to give satisfaction to these men, I submit it would be very welcome news to these people, and it would be good for the Railway Department also. Sir, I do not want to say anything more.

**Syed Ghulam Bhik Nairang** (East Punjab: Muhammadan): Sir, I rise to support the motion moved by my Honourable friend, Mr. Azhar Ali, and in doing so I desire to call the attention of the Honourable the Railway Member to certain features of the way in which recruitment to some of the railway service is carried on. The subject which we may discuss under this cut motion being the conditions of service in the Railway Department, naturally the method of recruitment also falls within the purview of those conditions. The points to which I wish to refer are based on my own experience of the way in which recruitment to certain services in the North Western Railway is carried on and I must make it clear at the outset that I have no knowledge of the method adopted on other State-owned Railways so that my remarks are based on what I find to be the case on the North Western Railway. Now, every now and then, we find notices published in the Railway Gazette issued by the headquarters of the North Western Railway announcing that recruitment to such and such services, for instance, the station master group, the commercial group, traffic, and so on and so forth, is going to take place on such and such date, that applications are to be submitted by such and such date, that such and such are the qualifications and that the details and particulars to be entered in the applications will be found in application forms which may be purchased on payment of one rupee from such and such offices. Then follows a long list of those offices. Now it has been very often found that when there are expected to be about a dozen vacancies of certain posts on the North Western Railway and a notice of that kind is issued in the Railway Gazette, in these days of unemployment people rush to the railway stations concerned and purchase application forms on payment of one rupee each, and perhaps it would not be an exaggerated statement if I were to say that when only a dozen posts are concerned, a few hundreds of rupees at least pour into the railway treasury in the shape of the price of those application forms. This is not, I believe, the first occasion when the sale of these application forms has been referred to on the floor of this House and I take this opportunity to invite the serious attention of the Honourable the Railway Member to this practice of the Railway Department of making capital out of the needy people's desire to enter service. There appears to be no justification, whatsoever, for charging even a pie for the application form: it is enough if we notify that these application forms are to be had at such and such a railway station. The trouble of walking or driving or travelling to that station should be the price of obtaining that form and there appears to be no justification for making money in that way. This is the most sordid part of the way in which recruitment is carried on. Then comes the second stage when the application form has been purchased. That, Sir, is another most objectionable feature. The application form requires as one of the particulars to be stated whether the applicant's father or some near relative of his is a railway servant. The effect of that is practically to make service in the Railway Department the monopoly, the hereditary monopoly, of those whose fathers or other relations are

serving or have served in the Railway Department. That is the most objectionable part of it. Either notify to the whole world that nobody except those whose fathers have served in the Railway Department in any capacity need apply so that so many rupees may not go into your treasury, or be honest and let everybody have an equal opportunity. There being no time left, with these few remarks I support the motion moved by my Honourable friend, Mr. Azhar Ali.

**The Honourable Sir Andrew Clow:** Sir, I have not the time to reply in two minutes. I would just like to say that I cordially agree with my Honourable friend, Mr. Azhar Ali, when he said that all Railway servants should be treated equally and should be contented. That, I would just like to say, we are determined to secure and I do hope that the opportunity we have given to my Muslim friends of putting a certain number of cases before Mr. DeSouza will be seized. I am a little puzzled by contradictory demands for it was only on a previous motion that, my friend, Sir Syed Raza Ali, asked that we should abolish the lower gazetted services—one of the cherished privileges for which my friend, Mr. Azhar Ali, is pleading.

**Sir Syed Raza Ali:** I never pleaded for its abolition.

**The Honourable Sir Andrew Clow:** Somebody on that side said that they would like to see it abolished,—and actually of course it is a misunderstanding to suppose that it was a substitute for direct recruitment. This replaced, as Sir Henry Gidney said, local services and at the time when it was created there was no reduction in the officers' posts to which we made direct recruitment.

(It being Five of the Clock.)

**Some Honourable Members:** The time is up.

**Mr. President** (The Honourable Sir Abdur Rahim) The question is:

“That a reduced sum not exceeding Rs. 9,01,900 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1941, in respect of ‘Railway Board’ ”

The motion was adopted.

#### DEMAND NO. 2—AUDIT.

**Mr. President** (The Honourable Sir Abdur Rahim) The question is:

“That a sum not exceeding Rs. 14,90,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1941, in respect of ‘Audit’ ”.

The motion was adopted.

#### DEMAND NO. 3—MISCELLANEOUS EXPENDITURE

**Mr. President** (The Honourable Sir Abdur Rahim) The question is:

“That a sum not exceeding Rs. 17,70,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1941 in respect of ‘Miscellaneous Expenditure’ ”

The motion was adopted.

## DEMAND No. 5—PAYMENTS TO INDIAN STATES AND COMPANIES

**Mr. President** (The Honourable Sir Abdur Rahim): The question is .

"That a sum not exceeding Rs 3,12,85,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1941, in respect of 'Payments to Indian States and Companies'."

The motion was adopted.

## DEMAND No. 6-A—WORKING EXPENSES—MAINTENANCE OF STRUCTURAL WORKS.

**Mr. President** (The Honourable Sir Abdur Rahim): The question is .

"That a sum not exceeding Rs 8,03,25,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1941, in respect of 'Working Expenses—Maintenance of Structural Works'."

The motion was adopted.

## DEMAND No. 6-B—WORKING EXPENSES—MAINTENANCE AND SUPPLY OF LOCOMOTIVE POWER

**Mr. President** (The Honourable Sir Abdur Rahim): The question is

"That a sum not exceeding Rs 18,64,25,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1941, in respect of 'Working Expenses—Maintenance and Supply of Locomotive Power'."

The motion was adopted.

## DEMAND No 6-C—WORKING EXPENSES—MAINTENANCE OF CARRIAGE AND WAGON STOCK.

**Mr. President** (The Honourable Sir Abdur Rahim): The question is

"That a sum not exceeding Rs 6,42,75,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1941, in respect of 'Working Expenses—Maintenance of Carriage and Wagon Stock'."

The motion was adopted.

## DEMAND No. 6-D—WORKING EXPENSES—MAINTENANCE AND WORKING OF FERRY STEAMERS AND HARBOURS

**Mr. President** (The Honourable Sir Abdur Rahim): The question is

"That a sum not exceeding Rs. 27,82,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1941, in respect of 'Working Expenses—Maintenance and Working of Ferry Steamers and Harbours'."

The motion was adopted.

DEMAND No. 6-E—WORKING EXPENSES—EXPENSES OF TRAFFIC  
DEPARTMENT.

**Mr. President** (The Honourable Sir Abdur Rahim): The question is :

“That a sum not exceeding Rs 10,12,10,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1941, in respect of ‘Working Expenses—Expenses of Traffic Department’ ”

The motion was adopted:

DEMAND No 6-F—WORKING EXPENSES—EXPENSES OF GENERAL  
DEPARTMENTS.

**Mr. President** (The Honourable Sir Abdur Rahim) The question is :

“That a sum not exceeding Rs. 3,89,95,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1941, in respect of ‘Working Expenses—Expenses of General Departments’.”

The motion was adopted.

DEMAND No. 6-G—WORKING EXPENSES—MISCELLANEOUS EXPENSES.

**Mr. President** (The Honourable Sir Abdur Rahim): The question is :

“That a sum not exceeding Rs 4,42,70,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1941, in respect of ‘Working Expenses—Miscellaneous Expenses’ ”

The motion was adopted.

DEMAND No. 6-H—WORKING EXPENSES—EXPENSES OF ELECTRICAL  
DEPARTMENT

**Mr. President** (The Honourable Sir Abdur Rahim): The question is :

“That a sum not exceeding Rs 3,91,50,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1941, in respect of ‘Working Expenses—Expenses of Electrical Department’.”

The motion was adopted.

DEMAND No. 7—WORKING EXPENSES—APPROPRIATION TO DEPRECIATION  
FUND.

**Mr. President** (The Honourable Sir Abdur Rahim): The question is :

“That a sum not exceeding Rs 12,66,00,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1941, in respect of ‘Working Expenses—Appropriation to Depreciation Fund’ ”

The motion was adopted.

## DEMAND No. 8—INTEREST CHARGES.

**Mr. President** (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs 2,63,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1941, in respect of 'Interest Charges'."

The motion was adopted.

## DEMAND No 10—APPROPRIATION TO RESERVE.

**Mr. President** (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs 2,98,49,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1941, in respect of 'Appropriation to Reserve'."

The motion was adopted.

## DEMAND No 11—NEW CONSTRUCTION

**Mr. President** (The Honourable Sir Abdur Rahim). The question is:

"That a sum not exceeding Rs 6,85,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1941, in respect of 'New Construction'."

The motion was adopted.

## DEMAND No 12—OPEN LINE WORKS

**Mr. President** (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs 11,16,75,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1941, in respect of 'Open Line Works'."

The motion was adopted.

The Assembly then adjourned till Eleven of the Clock on Tuesday, the 27th February, 1940.



# LEGISLATIVE ASSEMBLY.

*Tuesday, 27th February, 1940.*

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. President (The Honourable Sir Abdur Rahim) in the Chair.

## STARRED QUESTIONS AND ANSWERS.

### (a) ORAL ANSWERS.

#### LADY ANNOUNCERS APPOINTED IN BROADCASTING STATIONS.

**195. \*Mr. Lalchand Navalrai:** Will the Honourable Member for Communications be pleased to state how many lady announcers have been appointed at various broadcasting stations in India and what is their pay, prospects and nationality?

**The Honourable Sir Andrew Clow:** Only one of the sanctioned posts of announcers is held by a lady. She is a domiciled European and her salary is Rs 150 per mensem in the scale of Rs 150—10—250.

**Mr. Lalchand Navalrai:** May I know if at any other station there is a lady announcer? I have asked for all the stations.

**The Honourable Sir Andrew Clow:** This lady announcer is not in Delhi. She is in Calcutta. There are ladies who announce at other stations at times, but they are not on the sanctioned scale of announcers. They hold other posts.

**Mr. Lalchand Navalrai:** Are they from amongst those who take part in the programmes?

**The Honourable Sir Andrew Clow:** Yes, they have programme duties mostly.

**Mr. Lalchand Navalrai:** Are they given any other emoluments for announcing, or are they paid only for doing programme duties?

**The Honourable Sir Andrew Clow:** They are employed on the programme side but they occasionally do the duty of announcers. They are not regular announcers.

**Mr. Lalchand Navalrai:** Am I to understand that they are not paid anything extra for this?

**The Honourable Sir Andrew Clow:** They are paid but they are not paid anything extra for doing that.

### ESTABLISHMENT OF A BROADCASTING STATION AT KARACHI.

**196. \*Mr. Lalchand Navalrai:** Will the Honourable Member for Communications please state when Government propose to establish a broadcasting station at Karachi?

**The Honourable Sir Andrew Olow:** The attention of the Honourable Member is invited to the reply given by me to part (c) of his starred question No 146 on the 23rd February, 1940

**Mr. Lalchand Navalrai:** What about the future hopes of getting it?

**The Honourable Sir Andrew Olow:** I suppose the Honourable Member is still entertaining them.

### PROPOSAL TO CLOSE DOWN THE KANGRA VALLEY RAILWAY.

**197. \*Mr. Lalchand Navalrai:** (a) Will the Honourable the Railway Member be pleased to state if Government propose to close down the Kangra Valley Railway?

(b) Are Government aware that at the 48th Annual meeting of the Kangra Young Men's Association held in the Dayanand Anglo-Vernacular College, Lahore, a strong protest was registered against the closing down of this Railway?

(c) Is it a fact that appeals have been made to the Railway Board to continue this Railway even at some economic loss for the benefit of the district?

(d) Do Government propose to devise ways and means to get over the economic difficulty and continue this Railway, or at least give it a fair chance for showing better earnings; if not, why not?

**The Honourable Sir Andrew Olow:** (a) The question of closing down the Kangra Valley Railway is under consideration.

(b) and (c). Yes.

(d) During the ten years this railway has been worked, various measures have been taken to reduce working expenses and to increase earnings, but these have not met with any material success.

**Mr. Lalchand Navalrai:** May I know whether during that consideration the question of giving them some time to make good their finances will be considered?

**The Honourable Sir Andrew Olow:** I can see no prospect of this railway proving remunerative at all. It is being worked at present, because we receive a subsidy to do so.

**Mr. Lalchand Navalrai:** Why is it then under consideration?

**The Honourable Sir Andrew Olow:** Because we are engaged in certain correspondence with the Punjab Government who give a subsidy.

**Sardar Sant Singh:** May I know whether it is a fact that the railway is remunerative in part between Batala and one other station whose name I forget now?

**The Honourable Sir Andrew Clow:** Batala is not on that railway line I think it is closed for the public between Baijnath and Jogendranagar, but I have no reason to suppose that even the remaining section is profitable.

**Dr. Sir Ziauddin Ahmad:** May I know what would happen to the four crores of the taxpayers' money invested in this particular undertaking, which the Government now propose to dismantle?

**The Honourable Sir Andrew Clow:** I am afraid that a large part of that sum I would regard as lost already.

**Dr. Sir Ziauddin Ahmad:** What would happen to the sum? Will it be written off?

**The Honourable Sir Andrew Clow:** It will have to be written off against depreciation if the railway were closed, less any assets that might be realised

**Dr. Sir Ziauddin Ahmad:** Will you pay this amount of loss from the depreciation fund?

**The Honourable Sir Andrew Clow:** Yes; it will have to be written off against depreciation.

#### UTILISATION OF THE SERVICES OF INFERIOR STAFF FOR WORK UNCONNECTED WITH RAILWAY DUTIES ON THE GREAT INDIAN PENINSULA RAILWAY.

198. \***Dr. F. X. DeSouza** (on behalf of Mr. N. M. Joshi): Will the Honourable the Railway Member be pleased to state:

- (a) whether on the Great Indian Peninsula Railway, members of the inferior staff are utilised for work unconnected with railway duties, such as, bringing tiffin-carriers, cleansing them, washing dusters, etc., used by their supervisors; and
- (b) whether Government are prepared to issue instructions that such practices should be stopped?

**The Honourable Sir Andrew Clow:** No cases of this character have come to the notice of Government or the Railway Board but if the Honourable Member has reason for believing that the practice is followed and will let me know the particular station or office he has in mind, I shall have inquiries made.

#### PURCHASE AND REPAIRS OF XB ENGINES ON THE GREAT INDIAN PENINSULA RAILWAY.

199. \***Dr. F. X. DeSouza** (on behalf of Mr. N. M. Joshi): Will the Honourable the Railway Member be pleased to state:

- (a) whether it is a fact that the two X/B class locomotives purchased by the Great Indian Peninsula Railway have necessitated frequent repairs in the Workshops and Running Sheds;
- (b) if so, how many times and what is the nature of the repairs so required to be made;

- (c) whether it is a fact that both the locomotives are lying idle in the Parel Workshops;
- (d) if so, the period during which they have been so idle;
- (e) whether the trials conducted up to now have justified the purchase of these locomotives;
- (f) the total expenditure incurred on these locomotives up to now for purchasing and subsequently repairing them; and
- (g) whether Government intend in future to purchase more locomotives of this type?

**The Honourable Sir Andrew Olow:** I presume that the question refers to the two XP type experimental locomotives purchased in 1937, and not to XB type locomotives as stated in the question, since there are no XB type locomotives on the Great Indian Peninsula Railway.

(a), (b) and (d). The number of repairs to the locomotives in question **has not been abnormal**. One locomotive has had special repairs on five occasions; once due to damages sustained in a collision, three times for alterations that must be expected with experimental locomotives, and once on account of failure of the cylinders. The other locomotive had special repairs on two occasions only, due to the failure of the cylinders. The failure of the cylinders of these locomotives occasioned lengthy negotiations between the Government, the Consulting Engineers and the contractors, before the contractors agreed to replace them free of charge. The replacement of the cylinders involved a delay in shops of 457 days to one locomotive and of 371 days to the other.

(c) No; both locomotives are in service

(e) The stoppage of the locomotives on account of defective cylinders has prevented sufficient experience being obtained of their qualities.

(f) The cost of these locomotives landed in Bombay was Rs 3,65,530. The cost of the repairs mentioned above was Rs. 10,828.

(g) More purchases of this type of locomotive will not be made, until the experimental locomotives have been thoroughly tried out in service and have proved a success.

**Dr. Sir Ziauddin Ahmad:** With reference to part (c), what is the number of locomotives that are lying idle?

**The Honourable Sir Andrew Olow:** The number of locomotives as stated in the first part of Mr. Joshi's question is two.

**Dr. Sir Ziauddin Ahmad:** With reference to part (b), may I know whether the contractors are in England or in India? I do not want the name of the contractors; I only want to know where they are residing.

**The Honourable Sir Andrew Olow:** They are contractors in Great Britain.

**Dr. Sir Ziauddin Ahmad:** Is it not the policy of the Government to purchase all these things in India? There are agents in India.

**The Honourable Sir Andrew Olow:** That is true. They are purchased on rupee tender. I thought the Honourable Member wanted to know where these are manufactured.

**Dr. Sir Ziauddin Ahmad:** I wanted to know the contractors.

**The Honourable Sir Andrew Olow:** Contractors are made with firms in England through their agents here.

#### WELFARE SOCIETIES, ETC., OF EMPLOYEES ON THE GREAT INDIAN PENINSULA RAILWAY.

**200. \*Dr. F. X. DeSouza** (on behalf of Mr. N. M. Joshi): Will the Honourable the Railway Member be pleased to state:

- (a) whether it is a fact that on the Great Indian Peninsula Railway, the employees have been conducting welfare societies or institutions, such as, co-operative bank, co-operative stores, mutual benefit societies, death benefit society, railway institutes, sports clubs, etc.;
- (b) whether it is a fact that the Great Indian Peninsula Railway Administration also has been conducting institutions, such as, staff benefit fund and the staff councils;
- (c) whether any fees are paid to employees serving on the managing committee of these institutions, and, if so, at what rate; and
- (d) whether it is necessary under any rules for employees to obtain permission for serving on the committee of such institutions?

**The Honourable Sir Andrew Olow:** (a) and (b). Yes.

(c) Fees are paid to the Directors of the Railway Co-operative Society (Stores) Limited, Bhusaval, at the rate of Rs 5 per Director per meeting attended

Members of the Managing Committee of the Mutual Benefit Society are paid a fee ranging from Rs. 4 to Rs. 16 per meeting attended by them, depending on the time spent in journeying and in Bombay City.

Members of the Managing Committee of the Death Benefit Fund residing at out-stations beyond Kalyan are paid Rs. 3 per meeting to reimburse their out-of-pocket expenses.

No fee is paid to members of the Committee of the other institutions.

(d) Yes, to the extent required under the State Railway Establishment Code or other rules.

#### COMPULSION TO INTIMATE HOLDING OF ANY POST ON THE EXECUTIVE COMMITTEE OF A TRADE UNION.

**201. \*Dr. F. X. DeSouza** (on behalf of Mr. N. M. Joshi): Will the Honourable the Railway Member be pleased to state whether it is a fact that there are rules under which it is compulsory for railway employees to intimate to their superior officers if they hold any post on the executive committee of a trade union?

**The Honourable Sir Andrew Olow:** No such rule as that referred to by the Honourable Member has been issued by the Government of India or the Railway Board. Government are not aware whether any such rule

has been issued by General Managers of State-managed Railways in regard to subordinate services under the powers conferred on them by the Railway Department Notification No. 089-F., dated 15th October, 1936.

**PROMOTION OF SUBORDINATES ON COMMUNAL BASIS ON RAILWAYS.**

**202. \*Dr. F. X. DeSouza** (on behalf of Mr. N. M. Joshi): Will the Honourable the Railway Member be pleased to state:

- (a) whether there are any rules under which posts on the railways are filled up by promotion of subordinates on communal basis, and
- (b) if the reply to part (a) above be in the affirmative, the circumstances under which any such communal consideration is permitted?

**The Honourable Sir Andrew Clow:** (a) No.

(b) Does not arise.

**GRIEVANCES OF THE WORKERS IN THE LAHORE RAILWAY ENGINE SHED.**

**203. \*Mr. Lalchand Navalrai:** (a) Will the Honourable the Railway Member be pleased to state if workers in the Lahore Railway Engine Shed have sent memorials to the General Manager, North Western Railway, Lahore, and the President, Railway Board, complaining against the conduct of the Loco. Foreman of that Shed?

(b) Is it a fact that they have asked for an open enquiry, and is it also a fact that the Railway Board have made no reply to them? If so, why?

(c) Do Government propose to enquire into their grievances at an early date? If not, why not?

**The Honourable Sir Andrew Clow:** (a) Yes.

(b) The answer to the first two parts is in the affirmative. As regards the last part, the matter is one within the competence of the General Manager, North Western Railway.

(c) The answer to the first part is in the negative. As regards the latter part, I would refer the Honourable Member to the reply I have just given to the last part of (b).

**Mr. Lalchand Navalrai:** What has the General Manager done and why is no reply given to them?

**The Honourable Sir Andrew Clow:** I have no particulars on that point.

**Mr. Lalchand Navalrai:** Will the Honourable Member see that these men are at least given a reply? Will he also ask the General Manager to see if there is any substance in the allegations and then deal with this Foreman?

**The Honourable Sir Andrew Clow:** I am willing to draw the General Manager's attention to the subject, but I am quite sure he is seized of it already.

**Maulana Zafar Ali Khan:** In view of the grave charges levelled against the Loco Foreman, are Government prepared to take action against those who have levelled those charges or ask the Loco. Foreman to clear his conduct by prosecuting them?

**The Honourable Sir Andrew Clow:** No, Sir, certainly not.

**Maulana Zafar Ali Khan:** Why not?

**The Honourable Sir Andrew Clow:** Because the petition which I myself have seen merely contains vague allegations without any particulars at all. If we were to ask any officer against whom any allegations of that kind were made to clear himself in Court, it would be an intolerable situation.

**Maulana Zafar Ali Khan:** He has been charged with corrupt practices.

**The Honourable Sir Andrew Clow:** Without any particulars at all.

**Mr. Lalchand Navalrai:** Does the Honourable Member require witnesses or evidence to prove these allegations?

**The Honourable Sir Andrew Clow:** When a man submits an application to say that he believes an officer above him to be corrupt, and gives no particulars, I am not prepared to tell that officer at once to clear his reputation in Court.

#### DISCHARGES AND RE-APPOINTMENTS OF COOLIES, ETC., IN THE MOGHALPURA WORKSHOPS, NORTH WESTERN RAILWAY.

**204. \*Mr. Lalchand Navalrai:** (a) Is the Honourable the Railway Member aware that since 1930, temporary coolies and semi-skilled workers in the North Western Railway Workshops, Moghalpura, are engaged and discharged very frequently? If so, why?

(b) Will the Honourable Member be pleased to state if the semi-skilled workers and coolies are not being confirmed and made permanent even after they have worked for a period of three years? If so, why?

(c) Do Government propose to adopt such measures as will create confidence, in future, about the stability of service in the North Western Railway Workshop, and safeguard their privileges? If not, why not?

(d) Is it a fact that Government are benefited by such discharges and re-appointments of the workers in the matter of giving passes, gratuity and leave allowances, and the labourers suffer in their privileges? If so, why?

**The Honourable Sir Andrew Clow:** (a) No, but fluctuations, in the work required to be done, naturally involve fluctuations in the number of staff employed.

(b) No such cases have been brought to my notice

(c) Government issued orders in 1930 that employees in Mechanical Workshops of State-managed Railways who had rendered three years continuous service or more would be engaged on the usual service agreement which would entitle them to a month's notice of discharge.

Government have no further orders on the subject in contemplation and could not accept a position in which if work decreased they would be obliged to continue to employ staff in excess of requirements.

(d) This does not arise in view of the reply to part (a), but I would assure the Honourable Member that such considerations are not the basis for discharge of staff.

**Mr. Lalchand Navalrai:** In view of the very good opinion expressed by the Honourable Member yesterday with regard to security of service will any security of service be given to these men?

**The Honourable Sir Andrew Clow:** Yes As I have explained, after three years' continuous service, they have earned a certain amount of security of service.

**Dr. Sir Ziauddin Ahmad:** In view of the recommendations of the Labour Commission, in which my Honourable friend was so much interested, that every person after one year's approved service ought to be confirmed, may I know whether this practice is applicable to railway service?

**The Honourable Sir Andrew Clow:** In these cases the Railway Board have taken three years as the service after which the unusual service agreement should be made.

**Dr. Sir Ziauddin Admad:** That is to say, the Railway Board have modified the recommendation of the Labour Commission and changed it from one year to three years?

**The Honourable Sir Andrew Clow:** Yes, with the approval of Government

#### APPOINTMENT OF SIKH OFFICERS IN THE RAILWAY BOARD.

**205. \*Sardar Sant Singh:** (a) Will the Honourable Member for Railways please state the total number of officers brought on to the establishment of the Railway Board during each of the last five years, and how many of them were Europeans, Hindus, Muhammadans and Sikhs?

(b) Is he aware that ever since the creation of the Railway Board no Sikh officer has so far been appointed on its cadre? What are the reasons therefor?

(c) Is he aware that a number of senior and junior Sikh officers are available for appointment on the Railway Board?

(d) Is he now prepared to consider the desirability of appointing sufficient number of Sikh officers on the Railway Board in order to give this community its due share? If not, why not?

**The Honourable Sir Andrew Clow:** (a) A statement is laid on the table of the House.

(b) The reply to the first part of the question is, so far as I have been able to ascertain, in the affirmative. As regards the second part, selections to the posts of officers in the Railway Board are not made on communal considerations.



(c) and (d). Do not arise in view of the reply to part (b)

*Statement showing number and community of officers brought on to the Railway Board during the 5 years ending 27th February, 1940.*

Community.

(1) *Railway Board.*

	Number.	Euro- peans.	Hindus.	Mus- lims.	Anglo- Indians.	Indian Chris- tians.	Sikhs.
Year ending 27th Febru- ary, 1936 . . . . .	6	4	.	1	..	1	..
Year ending 27th Feb- ruary, 1937 . . . . .	7	4	..	3	.	..	..
Year ending 27th Feb- ruary, 1938 . . . . .	4	3	..	1	.	.	.
Year ending 27th Feb- ruary, 1939 . . . . .	7	7	..	..	..	..	.
Year ending 27th Feb- ruary, 1940 . . . . .	9	6	2	1	..	..	.
Total Railway Board . .	33	24	2	6	..	1	..

(ii) *Officers on Special duty.*

Year ending 27th Feb- ruary, 1936 . . . . .	Nil.	.	..	..	..	..	..
Year ending 27th Feb- ruary, 1937 . . . . .	2	1	1	..	..	..	..
Year ending 27th Feb- ruary, 1938 . . . . .	3	2	1	..	..	..	..
Year ending 27th Feb- ruary, 1939 . . . . .	Nil.	..	..	..	..	..	..
Year ending 27th Feb- ruary, 1940 . . . . .	1	..	..	1	..	..	..
Total O. S. D. . . . .	6	3	2	1	..	..	..
GRAND TOTAL . . . . .	39	27	4	7	..	1	..

SIKH RELIGIOUS PROGRAMMES IN CERTAIN BROADCASTING STATIONS.

206. \*Sardar Sant Singh: (a) Will the Honourable Member for Communications please state the efforts made during the last year by the All-India Radio to allot times to Sikh artists for the recitation of *Shabads*, poems and lectures about their Gurus at Lahore, Delhi and Peshawar, just as they permit the Hindus and Muhammadans, and how much of the amount was paid to the Sikh artists in comparison to each of the other communities during the same period?

(b) What does he propose to do to ensure that sufficient time and money is spent on the Sikh religious programmes as well according to their share at Lahore, Delhi and Peshawar? If no action is proposed, why not?

The Honourable Sir Andrew Clow: Information is being collected and a reply will be laid on the table in due course.

### INSTALLATION OF ELECTRICITY IN QUARTERS FOR THE RAILWAY CLEARING ACCOUNTS OFFICE STAFF.

†207. \*Mr. N. M. Joshi: Will the Honourable Member for Railways be pleased to state:

- (a) whether it is a fact that certain quarters have been allotted to the senior staff of the Railway Clearing Accounts Office, Delhi, whose pay is from Rs 90 to Rs. 170 per mensem;
- (b) whether it is a fact that Government recover ten per cent of their emoluments as rent,
- (c) whether it is a fact that these quarters, which are situated in the heart of New Delhi have not been provided with electric lights and fans, and that there is not even street lighting in the locality;
- (d) whether Government propose to give the ordinary amenities of electric lights and fans for the ten per cent. they recover,
- (e) if the reply to the above be in the affirmative, when do Government propose to instal electricity in these quarters; and
- (f) if the reply to part (d) be in the negative, the reasons for not doing so?

**The Honourable Sir Andrew Clow:** (a) and (b) Yes

(c) The quarters are not "in the heart of New Delhi", but they are in New Delhi and are not provided with electric lights and fans. I understand that there is no street lighting on the roads within the quarters

(d), (e) and (f) The quarters belong to the North Western Railway and, in accordance with the general policy followed on that railway, quarters of this type are not fitted with electric lights and fans.

### OPENING OF A PERMANENT POST OFFICE IN THE COUNCIL HOUSE, NEW DELHI.

208. \*Pandit Krishna Kant Malaviya: (a) Is the Honourable Member for Communications aware that there is a Post Office in the South Block of the Secretariat Buildings, New Delhi, to cater for the staff working in that building and another Post Office in the North Block for the staff working in that Block?

(b) Is he aware that there is a very large number of staff working in the Council House, and that there is no Post Office on a permanent basis in that building?

(c) Is he aware that all the people working in the Council House have got to go for their requirements to the North Block Post Office which remains always overcrowded?

(d) Is he aware that many a time people after waiting at the North Block Post Office for hours together for the transaction of their business, have to resort to the Central Post Office in New Delhi?

(e) Is he prepared to consider the desirability of converting the present temporary Post Office in the Council House into a permanent one with Savings Bank and other Branches in order to remove the difficulty of the staff working in this building also? If not, why not?

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†Answer to this question laid on the table, the questioner having exhausted his quota

**The Honourable Sir Andrew Clow:** (a) Yes; but the offices are open to all members of the public besides the staff.

(b) Yes, but a considerable portion of the staff working in this building has been of a migratory character

(c) This is the nearest Post Office when the one in the Council House is closed. There is, I believe, some congestion towards closing hours, particularly, on account of the late presentation of registered articles, but two additional clerks were sanctioned last year and plans are under consideration to increase the counter space

(d) I am afraid I have no information.

(e) The matter is within the competence of the Postmaster-General, Punjab and North West Frontier Circle, to whom a copy of the question is being sent for such action as he may consider suitable.

#### **FUNCTIONS OF THE LAW OFFICERS OF THE EAST INDIAN AND EASTERN BENGAL RAILWAYS.**

**209. \*Mr. Muhammad Nauman:** (a) Will the Honourable Member for Railways be pleased to state the functions of the law officers of the East Indian and the Eastern Bengal Railways?

(b) What are the respective salaries they draw?

(c) Is private practice allowed?

(d) Is it necessary for them to attend the Railway Administration's offices every day between office hours? If not, why not?

(e) Are Government prepared to consider the desirability of having only one law officer for the East Indian and the Eastern Bengal Railways on the grounds of economy and for the fact that the work in their hands is very simple?

**The Honourable Sir Andrew Clow:** (a), (b) and (c). The East Indian Railway retain the whole-time services of a Vakil who does all the ordinary legal work of the Railway, but does not conduct cases. His scale of pay is Rs 350—30—800 under the old rates of pay and Rs. 250—25—525 under the revised rates of pay. He is not permitted private practice. The Law Officer of the Eastern Bengal Railway, who died recently, was not a railway servant and was paid a retaining fee for part-time services, which was originally Rs 500 per mensem and was raised to Rs. 1,000 per mensem in 1938 on condition that he would keep a whole time Assistant to deal with the Railway's work. He had a private practice and was responsible not only for the ordinary legal work of the Railway but for preparing and conducting cases in the Calcutta area

(d) The answer to the first part is in the affirmative, and the latter part does not arise.

(e) The possibility of amalgamating the arrangements for the conduct of legal work on the Eastern Bengal and East Indian Railways was carefully considered recently, and the conclusion reached was that this would not secure any economy and was undesirable.

**Mr. Muhammad Nauman:** Have Government considered the question of reducing the pay of the officer on the Eastern Bengal Railway to the original figure of Rs. 500? Does the work warrant the enhanced pay of Rs. 1,000?

**The Honourable Sir Andrew Clow:** The post is, I believe, at present vacant, but the duties are, as I have tried to explain, quite different from those undertaken by the permanent legal officer of the East Indian Railway.

**Dr. Sir Ziauddin Ahmad:** Of all the railways in India, why is it found necessary on the East Indian Railway to employ a whole-time Vakil?

**The Honourable Sir Andrew Clow:** I am not sure whether it is the only railway that does so, but as the biggest railway in India it naturally has the biggest volume of work.

**Dr. Sir Ziauddin Ahmad:** Is it bigger than the North Western Railway?

**Sardar Sant Singh:** Is it not a fact that the North Western Railway also employs a whole-time Vakil?

**The Honourable Sir Andrew Clow:** I am glad to have that information

#### APPOINTMENT OF LADY TICKET COLLECTORS ON THE BOMBAY, BARODA AND CENTRAL INDIA RAILWAY.

**210. \*Mr. Muhammad Nauman:** (a) Will the Honourable Member for Railways be pleased to state whether there are any lady ticket collectors on the Bombay, Baroda and Central India Railway, metre gauge section?

(b) Are Government aware that the *purdanashin* Muslim lady passengers, particularly those going to Ajmer, experience trouble during the check of their tickets?

(c) If the reply to part (a) be in the negative, are Government prepared to make necessary arrangements for appointing Muslim lady ticket collectors as soon as possible?

**The Honourable Sir Andrew Clow:** (a) No

(b) Government have received no complaints.

(c) No

**Mr. Muhammad Nauman:** Are not Government aware that there is no lady ticket collector on that line?

**The Honourable Sir Andrew Clow:** I have already answered part (a) of the Honourable Member's question which he is now repeating.

#### RECRUITMENTS TO THE OFFICE OF THE TRANSPORT ADVISORY OFFICER.

**211. \*Mr. Muhammad Nauman:** (a) Will the Honourable Member for Railways be pleased to state the functions of the Transport Advisory Officer under the Railway Board?

(b) What is the total number of the staff employed since the establishment of the office of the Transport Advisory Officer?

(c) Have the officers and subordinates been recruited directly through the medium of selections, or have they been taken by promotions from other departments of the Railways?

(d) In what grades have they now been appointed, and what were their last substantive grades?

(e) What is the number of Muslims and Hindus and their present grades?

**The Honourable Sir Andrew Clow:** (a) To ensure the most effective use possible of available wagons, particularly with regard to supply of wagons for coal.

(b) Twelve, excluding the Transport Advisory Officer.

(c) The Transport Advisory Officer, two Inspectors, one General Clerk and one Stenographer have been seconded from the East Indian Railway. As regards the remainder of the staff I have called for information and this will be supplied later

(d) I lay a statement on the table giving such information as is available with Government. I have called for further information which will be laid on the table of the House in due course

(e) I have called for information and will lay a reply on the table of the House in due course.

*Statement.*

Designation.	Temporary post sanctioned under Transport Advisory Officer.	Substantive pay and grade on East Indian Railway.
1 Inspector . . .	Rs. 500 . . . . .	Rs. 500 in grade Rs. 280—20—500.
1 Inspector . . .	. . . . .	....
1 General Clerk . .	Rs. 150 including Calcutta allowance.	
1 Stenographer . .	Rs. 120 plus Rs. 12 Calcutta allowance.	
1 Statistical Clerk .	Rs. 120 including Calcutta allowance.	
1 Typist . . . . .	Rs. 45—5—60.	
1 Orderly Peon . .	Rs. 18—1—23 plus Rs. 3 Calcutta allowance.	
4 Peons . . . . .	Rs. 12-1-17 plus Rs. 3 Calcutta allowance.	
1 Farash . . . . .	Rs. 12—1—17 plus Rs. 3 Calcutta allowance.	

**Dr. Sir Ziauddin Ahmad:** Is it a fact that the Government of India have deputed a special officer to inquire into the whole question, and may I know who that special officer is?

**The Honourable Sir Andrew Clow:** No, that is an officer who is not so much concerned with inquiring into the question as with advising on these transport issues. He is an Indian officer who was formerly holding the post of Divisional Superintendent at Howrah.

**Dr. Sir Ziauddin Ahmad:** Has not another officer, Mr. Moody, been appointed to inquire into the whole question?

**The Honourable Sir Andrew Clow:** That is a small Committee of four officers: I think my Honourable friend is alluding to the Wagon Turn Round Committee.

**Mr. Muhammad Nauman:** Was it not necessary for this officer to observe the rule about quota of Muslims in the appointments made to this Committee?

**The Honourable Sir Andrew Clow:** I do not think the quota applies to individual and temporary offices of this kind, but I am not certain.

**Dr. Sir Ziauddin Ahmad:** What are the terms of reference of this Committee which has recently been appointed?

**The Honourable Sir Andrew Clow:** I have not got them here, but they have been published.

**Dr. Sir Ziauddin Ahmad:** Does it come within the terms of reference that more wagons are necessary for the transport of coal?

**The Honourable Sir Andrew Clow:** As I say, I have not got the terms of reference here, but the Honourable Member can refer to published communiqué on the subject.

#### INFERIOR SERVANTS PROMOTED TO CERTAIN SUBORDINATE POSTS ON THE NORTH WESTERN RAILWAY.

**212. \*Mr. H. M. Abdullah** (on behalf of Khan Bahadur Shaikh Fazl-i-Haq Piracha) Will the Honourable Member for Railways please state—

- (a) the number of inferior servants promoted, permanently and temporarily, to subordinate posts in the categories of Assistant Sub-Inspectors of Works, Assistant Permanent Way Inspectors on the North Western Railway, community-wise, namely, Muslims, Hindus, Sikhs, etc., etc., during the following years separately—

- (i) 1935-36,

- (ii) 1936-37,

- (iii) 1937-38,

- (iv) 1938-39; and

- (b) the number of works mistries appointed on the North Western Railway, permanently and temporarily, community-wise, during the same period?

**The Honourable Sir Andrew Clow:** I have called for such information as is readily available and will lay a reply on the table of the House in due course

**Mr. Muhammad Nauman:** Is not ten days' time sufficient to obtain this information?

**The Honourable Sir Andrew Clow:** Not in this case when the research is going back to 1935-36.

**QUALIFICATIONS FOR RECRUITMENT TO CERTAIN CATEGORIES OF STAFF ON THE NORTH WESTERN RAILWAY.**

**213. \*Mr. H. M. Abdullah** (on behalf of Khan Bahadur Shaikh Fazl-i-Haq Piracha): Will the Honourable Member for Railways please state what are at present the minimum qualifications laid down for the recruitment of the following categories of staff on the North Western Railway, and what were they in 1929 and 1934:

- (i) Journeymen in the Mechanical Workshops,
- (ii) Assistant Inspectors of Works,
- (iii) Assistant Permanent Way Inspectors of Works,
- (iv) Works Mistries,
- (v) Gang Mates,
- (vi) Draftsmen, class I, grade I, and
- (vii) Tracers, class I, grade I?

**The Honourable Sir Andrew Clow:** I have called for information and will lay a reply on the table of the House in due course

**INCONVENIENT TIMING OF A TRAIN AT JHANG-MAGHIANA RAILWAY STATION.**

**214. \*Mr. H. M. Abdullah** (on behalf of Khan Bahadur Shaikh Fazl-i-Haq Piracha). (a) Will the Honourable Member for Railways please state if it is a fact:

- (i) that the 90-Up passenger train leaves Jhang-Maghiana Railway Station (North Western Railway) at 13-25 hours for Shorkote;
- (ii) that the said train reaches Shorkote at 15-28 hours;
- (iii) that the connection for Lyallpur, Khanewal, etc., is for trains leaving at about 18-0 hours, which means a halt of nearly 2½ hours;
- (iv) that the time of the train and the long halt at Shorkote is very inconvenient to the travelling public; and
- (v) that numerous representations have been made by the Jhang public regarding the inconvenience?

(b) If the answers to parts (a). (i) to (v) be in the affirmative, what action do Government propose to take in the matter?

**The Honourable Sir Andrew Clow:** (a), (i). The departure time is actually 13-45.

(ii) and (iii). Yes.

(iv) I agree that a halt of over two hours is liable to cause some inconvenience.

(v) I understand that no such representations have been received in the General Manager's office.

(b) Government do not propose to take any action.

**Maulvi Muhammad Abdul Ghani:** Has any representation been made to any authority below the Divisional Superintendent?

**The Honourable Sir Andrew Olow:** I cannot say.

**Sardar Sant Singh:** Will the Honourable Member intimate to the General Manager there the desirability of speeding up the trains between Lahore, Lyallpur and Shorkote because they are very slow there?

**The Honourable Sir Andrew Olow:** I submit it hardly arises out of the present question.

#### INCONVENIENT TIMINGS OF NIGHT TRAINS REACHING KHANEWAL RAILWAY STATION.

**215. \*Mr. H. M. Abdullah** (on behalf of Khan Bahadur Shaikh Fazl-i-Haq Piracha): (a) Will the Honourable Member for Railways please state if it is a fact that.

(i) both the night trains reach Khanewal railway station on the North Western Railway from Lahore side at 0-55 and 4-41 hours, respectively,

(ii) the travelling public is much inconvenienced due to these timings, and

(iii) Khanewal is rapidly growing as a business centre?

(b) If the answers to part (a), (i) to (iii) be in the affirmative, do Government propose to take necessary steps to attach and detach a bogie with at least one of these trains to remove the hardship?

**The Honourable Sir Andrew Olow:** (a) (i) No The trains actually arrive at 0-40 and 4-17

(ii) Government have no information.

(iii) I understand there are signs of progress in this direction.

(b) No

**Dr. Sir Ziauddin Ahmad:** What is the policy of the Railway Board regarding the giving of these contracts to station masters?

**The Honourable Sir Andrew Olow:** I cannot see what that has got to do with the timings of a particular train.

#### LOADING AND UNLOADING CONTRACTORS ON THE NORTH WESTERN RAILWAY.

**216. \*Mr. H. M. Abdullah** (on behalf of Khan Bahadur Shaikh Fazl-i-Haq Piracha): (a) Will the Honourable the Railway Member please state the communities of the persons who are at present holding the contract for loading and unloading in the different Divisions of the North Western Railway?

(b) Will Government please state if any of the contractors is a Muslim?

(c) If the answer to part (b) be in the negative, do Government propose to consider the advisability of giving the contract for this purpose to a Muslim on the termination of any of the present contracts?



**The Honourable Sir Andrew Olow:** (a) Hindu, Muslim, European.

(b) Yes.

(c) Does not arise.

**Dr. Sir Ziauddin Ahmad:** May I now ask whether it is the policy of the Railway Board that the contract for loading and unloading should not be given to station masters?

**The Honourable Sir Andrew Olow:** Not so far as I am aware. It is given to contractors in the different Divisions, I think.

**Dr. Sir Ziauddin Ahmad:** They are not given to station masters?

**The Honourable Sir Andrew Olow:** I think at some small stations that is so.

**Dr. Sir Ziauddin Ahmad:** What are the recommendations of the Wedgwood Committee on this subject? Is it not a fact that they do not approve of this?

**The Honourable Sir Andrew Olow:** I do not recollect, but there is a copy of the report in the Library to which the Honourable Member can refer.

**Mr. Muhammad Nauman:** What is the total number of such contractors and how many of them are Muslims?

**The Honourable Sir Andrew Olow:** Judging from the names of the firms in the list I have with me, there would appear to be two Muslim firms here out of a total of nine.

**Mr. Lalchand Navalrai:** Are these contracts given with the advice of the Advisory Committees or directly by the Department?

**The Honourable Sir Andrew Olow:** I do not know.

#### QUALIFIED MUSLIM INSPECTORS OF WORKS NOT ALLOWED TO OFFICIATE AS ASSISTANT ENGINEERS ON THE NORTH WESTERN RAILWAY.

**217. \*Mr. H. M. Abdullah:** Will the Honourable Member for Railways please state

(a) the number of Muslim Inspectors of Works on the North Western Railway who have passed the qualifying Refresher Course for Permanent Way Inspectors but are not allowed to officiate as Assistant Engineers, although unqualified non-Muslims are being allowed to do so;

(b) the number of Muslim Permanent Way Inspectors who have passed the qualifying Refresher Course for Inspector of Works but are not allowed to officiate as Assistant Engineers although unqualified non-Muslims are being allowed to do so; and

- (c) the number of non-Muslim officers who possess no engineering qualifications, whatsoever, but are being shown against the Engineering cadre of the lower gazetted service?

**The Honourable Sir Andrew Clow:** (a) and (b). I am calling for information and will lay a reply on the table in due course.

- (c) Two

**ENGINEERING SUBORDINATES WORKING AS ASSISTANT ENGINEERS ON THE NORTH WESTERN RAILWAY.**

**218. \*Mr. H. M. Abdullah:** Will the Honourable Member for Railways please state how many Engineering Subordinate on the North Western Railway are at present working as Assistant Engineers, community-wise, separately for each of the following categories:

- (a) Permanent Way Inspectors who never appeared for a Refresher Course for Inspector of Works;
- (b) Permanent Way Inspectors who appeared but failed in the Inspector of Works' Refresher Course;
- (c) Permanent Way Inspectors who have passed the Inspector of Works' Refresher Course;
- (d) Inspectors of Works who never appeared for the Permanent Way Inspectors' Refresher Course;
- (e) Inspector of Works who appeared but failed to pass the Permanent Way Inspectors' Refresher Course; and
- (f) Inspector of Works who have passed the Permanent Way Inspectors' Refresher Course?

**The Honourable Sir Andrew Clow:** (a) to (f) I am calling for information and will lay a reply on the table in due course

**EMPLOYMENT OF MUSLIMS AS OFFICE SUPERINTENDENTS AND HEAD CLERKS ON THE NORTH WESTERN RAILWAY.**

**219. \*Mr. H. M. Abdullah:** (a) Will the Honourable Member for Railways please state how many selection boards have been held for the posts of Office Superintendents and Head Clerks for appointment in the various offices of the North Western Railway since 1931 when instructions were issued by the Railway Board to the General Manager that the desire of the Railway Board for the employment of more Muslims as Office Superintendents and Head Clerks should be kept in view?

- (b) What were the dates on which each of these selections was held?
- (c) How many Muslims were allowed to appear at each of these selections?

(d) How many Muslims were placed on selected lists as a result of these selections?

(e) How many times were fresh selections held and old lists containing names of selected Muslim candidates scrapped, and other non-Muslims were selected?

(f) What is the total number of Muslims who, although selected, were never allowed to officiate?

(g) What is the total number of Muslims actually posted as Office Superintendents and Head Clerks as a result of such selections?

**The Honourable Sir Andrew Clow:** (a) to (f). I regret it is impracticable to undertake the researches necessary to obtain the information required by the Honourable Member.

(g) An endeavour will be made to collect the information and I shall lay a reply on the table of the House in due course.

**CLERKS RECRUITED DIRECT IN INTERMEDIATE GRADES ON THE NORTH WESTERN RAILWAY.**

**220. \*Mr. H. M. Abdullah:** (a) Will the Honourable Member for Railways please state how many clerks have been recruited direct in Intermediate Grades on the North Western Railway since the issue of the Railway Board's orders for direct recruitment being made to this category to the extent of 20 per cent. of appointments? How many of these were Hindus, Muslims, Sikhs, Anglo-Indians, etc., etc.?

(b) How many of these have been posted to the Establishment Sections of the Headquarters Office, and Divisional or Extra Divisional Offices?

**The Honourable Sir Andrew Clow:** I have called for information and will lay a reply on the table of the House in due course. I should add however that the orders were not for direct recruitment to the extent of 20 per cent; they permitted direct recruitment up to that figure as a maximum.

**Mr. Muhammad Nauman:** The Honourable Member says that the information will be laid on the table in due course. That defeats the very purpose of putting starred questions, because we cannot put supplementary questions on that.

**Mr. President** (The Honourable Sir Abdur Rahim): Of course no supplementary questions can be put unless the Honourable Member puts down a question after seeing the answer. If it is in order, it will be admitted.

**Sardar Sant Singh:** Has the Communications Member received strong protests from the guards on account of this direct recruitment which blocks their promotion?

**The Honourable Sir Andrew Clow:** Yes.

**COOLIES PROMOTED TO THE POSTS OF JOURNEYMEN ON THE NORTH WESTERN RAILWAY.**

**221. \*Mr. H. M. Abdullah:** Will the Honourable Member for Railways please state the number of coolies, community-wise, promoted to the posts of journeymen on the North Western Railway during 1937-38 and 1938-39?

**The Honourable Sir Andrew Clow:** I have called for information and will lay a reply on the table of the House in due course.

## UNSTARRED QUESTIONS AND ANSWERS.

## SEPARATE CADRES IN GAZETTED SERVICES ON STATE RAILWAYS.

**38. Mr. Muhammad Azhar Ali:** (a) Will the Honourable Member for Railways be pleased to state whether on State-managed Railways there are three cadres in the gazetted service, namely, the senior scale, the junior scale and the lower gazetted service?

(b) Is there any division in the duties allotted to the junior scale and the lower gazetted service?

(c) Are separate posts reserved for each of these two cadres?

(d) Is there any difference in the pay of these two cadres? If so, what are the old and the new scales of pay of both?

(e) Is there any difference in the promotion from these two cadres to the senior scale? If so, what?

(f) Are there any privileges which are given to the officers in the junior scale which are denied to those employed in the lower gazetted service? If so, what are they?

**The Honourable Sir Andrew Olow:** (a) Yes, and there is also a cadre of administrative posts.

(b) and (c). No

(d) Yes. A statement showing the old and new scales of pay of the junior scale and the Lower Gazetted Service is placed below.

(e) Yes. As regards officiating promotion, I would refer the Honourable Member to rule 72 (5) (b) and (c) of the State Railway Establishment Code, a copy of which is in the Library of the House. As regards permanent promotion, an officer of the Lower Gazetted Service would normally require to be promoted to the superior service in the junior scale, before he could be confirmed in the senior scale, and, as junior scale men begin service in a much higher grade than those who are promoted to the Lower Gazetted Service, they have much better subsequent prospects.

(f) Yes. Officers in the junior scale are classified as belonging to the Railway Services Class I, and officers in the Lower Gazetted Service to the Railway Services Class II, and to some extent there are differences in the rules governing the two classes of officers. The main privileges enjoyed by junior scale officers, which are not applicable to Lower Gazetted Service, are the grant of overseas pay and passages if of non-Asiatic domicile.

*Statement showing the old and the new scales of pay for the Minor Scale of the Superior Railway Services and the Lower Gazetted Service.*

Departments.	Junior Scale.	
	Old Scale. Rs.	New Scale. Rs.
Transportation (Traffic) and Commercial Departments . . . . .	300—900 .	300—500.
Indian Railway Service of Engineers, Electrical and Signal Engineering Departments, Transportation (Power) and Mechanical Engineering Departments . . . . .	375—975 .	350—500.
<i>Lower Gazetted Service.</i>		
All Departments . . . . .	350—800 .	250—525 with a selection grade of Rs. 550 specially selected officers rising to a maximum of Rs. 600 as a reward for good work.

**GRIEVANCES OF OFFICERS IN THE LOWER GAZETTED SERVICE ON STATE RAILWAYS.**

**39. Mr. Muhammad Azhar Ali:** (a) Will the Honourable Member for Railways be pleased to state whether representations have been submitted by the officers in the Lower Gazetted Service on State-managed Railways against the conditions of their service as compared with those in the junior scale?

(b) What are the main grievances of the officers in the Lower Gazetted Service?

(c) Is the Honourable Member aware that the Lower Gazetted Officers are discontented on account of the distinction in treatment meted out to them?

(d) Do Government propose to remove the differences between the junior scale and the Lower Gazetted Service and combine the two services? If not, why not?

**The Honourable Sir Andrew Olow:** (a) and (c) Yes, the memorials submitted indicated certain matters in which the memorialists considered they had grievances.

(b) The main grievances relate to pay, chances of promotion and the grant of overseas pay and passages to those of non-Asiatic domicile.

(d) No The two services are intended for different classes of officers and serve different purposes in the general structure of railway establishment. The Lower Gazetted Service is intended mainly to provide a channel of promotion and extended responsibility for subordinates of proved service and experience; the junior scale is designed mainly for young men of capacity who are directly recruited, and forms the pool from which appointments are made to the higher grades.

**BRINGING INTO OPERATION OF THE STATE RAILWAY CODE FOR THE TRAFFIC DEPARTMENT (COMMERCIAL) ON STATE RAILWAYS.**

**40. Mr. Muhammad Azhar Ali:** Will the Honourable Member for Railways be pleased to state whether the State Railway Code for the Traffic Department (Commercial) published in April, 1939, has been brought into operation on State-managed Railways? If so, when?

**The Honourable Sir Andrew Olow:** The Code referred to by the Honourable Member is mainly a compilation of rules and instructions that have long been in force on State-managed Railways. The procedure and the forms on these railways differ to some extent, and they have been asked to bring them into line with those prescribed in the Code as early as possible and in any case not later than 1st April, 1941.

**MUTUAL GUARANTEE FUND OF THE OLD EAST INDIAN RAILWAY COMPANY.**

**41. Mr. Muhammad Azhar Ali:** (a) Will the Honourable Member for Railways be pleased to state whether the Mutual Guarantee Fund of the old East Indian Railway Company was taken over by Government when they took over the Railway from Company-management?

(b) What was the amount standing at the credit of this Fund when Government took over the management?

(c) Is it a fact that there is a provision in the Mutual Guarantee Fund Agreement that the principal sum at the credit of the Fund shall be divided amongst the then existing contributors of the Fund when the management of the Railway shall pass out of the hands of the Company?

(d) Was the amount distributed amongst the then existing contributors in accordance with the terms of the Agreement? If not, how was it disposed of?

(e) When was the Fund finally closed?

(f) Were the contributors who were entitled to participate in the distribution advised about the intending closure of the Fund? If so, by what means?

(g) How were those contributors who were no longer in the service of the East Indian Railway when the Fund was about to be finally closed, advised of the intending closure?

(h) What is the amount of unpaid contribution in hand?

**The Honourable Sir Andrew Clow:** (a), (c) and (d) Yes.

(b) Rs. 1,02,202 in cash and Rs 40,000 in Government securities.

(e) On the 30th September, 1927

(f) Yes. The contributors were advised through the East Indian Railway Weekly Gazette.

(g) Government have at present no information on this point but I am making further enquiries.

(h) The unpaid balance was Rs 5,738-9-0 and was transferred to the credit of the Staff Benefit Fund.

#### IRREGULARITIES IN THE RUNNING OF SPECIAL TRAINS ON THE NORTH WESTERN RAILWAY.

**42. Mr. Muhammad Azhar Ali:** Will the Honourable the Railway Member be pleased to state if it is a fact that there have been a lot of irregularities in the running of special trains over the North Western Railway at one-third fares and that private individuals have in many cases benefited by buying tickets in lots and selling them at a higher rate to the travelling public? If so, do Government propose to stop this practice? If not, will Government permit Travel Agents and organisers to organise trains on the same basis for excursions or pilgrimage on home line Railways or over the North Western Railway alone? If not, why not?

**The Honourable Sir Andrew Clow:** I am calling for the information and will lay a reply on the table of the House in due course.

**RAILWAY PASSES ALLOWED TO MESSRS. THOMAS COOK AND COMPANY AND THEIR STAFF.**

**43. Mr. Muhammad Azhar Ali:** Will the Honourable Member for Railways be pleased to lay a statement on the table of the House showing the number of cards and other passes of all classes allowed by the Railway Board, the Indian State Railways and individual Railways to Messrs. Thomas Cook and Company, their staff and their guides?

**The Honourable Sir Andrew Clow:** I am asking Class I Railways to supply the details of any such passes issued for the current financial year and will lay the information on the table of the House in due course. The Railway Board have issued no card or cheque passes to the firm during that period.

**CITY BOOKING AND PARCEL OFFICES WORKED BY MESSRS. THOMAS COOK AND COMPANY.**

**44. Mr. Muhammad Azhar Ali:** Will the Honourable Member for Railways be pleased to lay a statement on the table of the House showing the towns and cities where city booking and parcel offices are being worked by Messrs. Thomas Cook and Company and the terms and conditions of such arrangements?

**The Honourable Sir Andrew Clow:** I am asking the Class I Railways to supply this information and will lay a statement on the table of the House in due course.

**OUT-AGENCIES OPENED AND CLOSED ON THE NORTH WESTERN RAILWAY.**

**45. Mr. Muhammad Azhar Ali:** Will the Honourable the Railway Member be pleased to lay a statement on the table of the House showing the out-agencies opened over the North Western Railway in 1938, 1939 the dates when they were opened and the dates when they were closed, showing reasons for their termination and any subsequent arrangements made in their place by the North Western Railway?

**The Honourable Sir Andrew Clow:** I lay on the table a statement giving the information required.

Serial No.	Name of the out- agency.	Name of the railway station serving the out- agency.	Date of opening.	Date of closing.	Reason for closing the out- agency.	Subsequent arrangements made by the Administration.
1	Ramnagar-on- Chenab.	Akalgarh.	15-2-38	1-9-39	Resignation of the out-agency contractor as the business did not pay him.	The Administration propose reopen- ing the out-agency as soon as the road serving it is the proper repair.
2	Jallalpur Jattan.	Gujrat.	1-7-38	1-8-39	Ditto	The question of reopening is under consideration.
3	Miranpur.	Khatauli.	1-7-38	1-10-39	Ditto	No arrangement has so far been made as none of the local licensees plying on the roads connecting the out-agencies with the railway stations are able to comply with the terms and conditions for working the out-agencies.
4	Jansath.	Do.	1-7-38	1-10-39	Ditto	
5	Kalanaur Akbari.	Batala.	15-8-38	1-2-39	Ditto	
6	Jogindernagar.	Bajinath Paprola.	1-11-38	22-3-39	The Mandi Durbar cancelled their contract with their transport monopolist who was also the out-agency contractor.	Negotiations are being made with the Mandi Durbar with a view to reopening this out-agency.
7	Kalanaur Kalan.	Rohtak.	1-12-38	15-12-38	Resignation of the out-agency contractor as the business did not pay him.	No arrangement has been made as no contractor is able to comply with the Railway's terms and conditions for the opening of these out-agencies.
8	Maham.	Do.	1-12-38	15-12-38		
9	Dorangala.	Gurdaspur.	1-7-39	14-1-40	Unsatisfactory working of the out-agency contractors.	Steps are being taken to reopen these out-agencies.
10	Hariana.	Hoshiarpur.	15-7-39	14-1-40		



**PASSES GRANTED TO MESSRS. N. D. RADHA KRISHAN AND SONS OF RAWALPINDI BY CERTAIN RAILWAYS.**

**46. Mr. Muhammad Azhar Ali:** Will the Honourable Member for Railways be pleased to lay a statement on the table stating the number and class of passes, allowed by the North Western, the East Indian, the Great Indian Peninsula and the Bombay, Baroda and Central India Railways to Messrs. N. D. Radha Krishan and Company of Rawalpindi? Why have these passes been granted, and what business has the firm of Messrs. N. D. Radha Krishan given to the Railways, in consideration of which the privilege of passes has been granted to them?

**The Honourable Sir Andrew Olow:** The following is a statement of the number of passes issued, during 1939:

Railway.	No.	Nature of pass.
Bombay, Baroda and Central India Railway.	1	1st class for two representatives.
East Indian Railway . . . . .	{ 1 On 20th February, 1939.—1st class for two representatives. 2 On 23rd March, 1939.—1st class for two representatives.	
North Western Railway . . . . .		1st class Card Pass.
Great Indian Peninsula Railway . . . . .	Nil.	

The North Western Railway pass was issued to enable the firm to supervise their railway out-agencies. The other passes were given to enable the representatives of the firm to interview the railway administrations in connection with development of traffic to Kashmir.

There has been a considerable increase in the rail-cum-road passengers during recent years.

**CHARGES FOR LORRY TRANSPORT BETWEEN JAMMU AND SRINAGAR, ETC.**

**47. Mr. Muhammad Azhar Ali:** Will the Honourable Member for Communications please state if it is a fact that the charges for lorry transport between Jammu and Srinagar and between Rawalpindi and Srinagar and back by private lorries are much less than paid through the Rail cum Road scheme to Messrs. N. D. Radha Krishan and Company?

**The Honourable Sir Andrew Olow:** I believe that the charges levied by private owners are, generally speaking, lower than those charged by Messrs. Radha Krishan and Co., but the charges levied by the only other organised service are higher. I understand that, prior to the introduction of the rail-cum-road return tickets, the prices charged by private lorry owners were considerably higher than they are at present.

**MONOPOLY ENJOYED IN RESPECT OF RAIL-CUM-ROAD TICKETS BY MESSRS. N. D. RADHA KRISHAN AND SONS.**

**48. Mr. Muhammad Azhar Ali:** Is the Honourable Member for Communications prepared to modify the monopoly enjoyed in respect of Rail-cum Road tickets by Messrs. N. D. Radha Krishan and Sons to enable the benefit of this scheme to be shared by all the lorry transport companies

plying their vehicles between Rawalpindi, Srinagar and Jammu Tawi? If not, are Government prepared to discontinue the present monopoly and let the motor transport firms deal direct with visitors to Kashmir?

**The Honourable Sir Andrew Olow:** The answer to both parts of the question is in the negative; but it should be added that visitors are at liberty to deal directly with any motor transport firm.

#### MONEY SPENT ON " VISIT INDIA " ADVERTISEMENTS.

**49. Mr. Muhammad Ashar Ali:** Will the Honourable the Communications Member be pleased to lay a statement on the table for the years 1935, 1936, 1937, 1938 and 1939 showing the amounts paid by Government to Indian and foreign newspapers and periodicals containing VISIT INDIA advertisements regarding facilities for travel on behalf of Messrs. Thomas Cook and Company or containing their name and address?

**The Honourable Sir Andrew Olow:** I understand that the expenditure of the Central Publicity Bureau in connection with the publication, in Australian and New Zealand papers, of the advertisements referred to

	Rs.
1935-36 . . . . .	3,600
1936-37 . . . . .	3,900
1937-38 . . . . .	3,800
1938-39 . . . . .	2,000
1939-40 . . . . .	2,000

Messrs. Thomas Cook and Son, Limited, are mentioned in these advertisements as they are the agents of the Central Publicity Bureau in these two countries.

Government have no information of the amounts spent under this head during the years mentioned either by the London or by the New York Bureau, and are not aware if such advertisements published in countries other than Australia or New Zealand make mention of this firm or their address.

#### RE-ORGANISATION OF THE CENTRAL PUBLICITY BUREAU.

**50. Mr. Muhammad Ashar Ali:** Will the Honourable the Communications Member be pleased to state if he is prepared to organise the Central Publicity Bureau on the scales of the Italian, Japanese, Netherlands, South African and other Official Traveller's Information Bureaus and let this Bureau organise conducted tours in and outside India? Do Government consider that in times of war this reorganised Bureau will be in a position to offer good inclusive conducted tours to the Indians in India?

**The Honourable Sir Andrew Olow:** Government have no such proposal under consideration. As regards the second part of the question, conducted tours are arranged by tourist agents and by individual railways and no further organisation appears to be necessary.

**FARES FOR MONTHLY SEASON TICKETS ON THE NORTH WESTERN RAILWAY.**

**51. Mr. Suryya Kumar Som:** Will the Honourable Member for Railways please state:

- (a) the rate of fare charged for monthly season tickets on the North Western Railway for each class of accommodation provided on that Railway;
- (b) the rate of fare charged for the railway servants monthly season tickets on that Railway for those classes; and
- (c) the reasons for the difference in fares, if any, for those two kinds of season tickets?

**The Honourable Sir Andrew Olow:** (a) Twenty-four single journey fares for all classes of tickets.

(b) Six single journey fares, for all classes of tickets

(c) The lower charge levied is a concession to railway servants to help them in journeys to and from their work.

**MONTHLY SEASON TICKETS ISSUED IN THE DELHI DIVISION OF THE NORTH WESTERN RAILWAY.**

**52. Mr. Suryya Kumar Som:** Will the Honourable Member for Railways please state:

- (a) the average number of monthly season tickets issued to the travelling public in the Delhi Division on the North Western Railway;
- (b) the monthly income from those tickets;
- (c) the average number of railway servants monthly season tickets issued in that Division on that Railway;
- (d) the monthly revenue received from railway servants for those tickets; and
- (e) the loss in revenues from railway servants for those tickets, if any, comparing with the profits from the public?

**The Honourable Sir Andrew Olow:** (a) 1,352.

(b) Rs. 4,002.

(c) 218.

(d) Rs. 201.

(e) It is impossible to compute the profit or loss as no individual trains are run for these railway servants and it cannot be assumed that they would continue to travel by train if the concessions were withheld.

**GIVING OF CONTRACTS FOR VENDING FRUITS, ETC., IN THE DELHI DIVISION OF THE NORTH WESTERN RAILWAY.**

**53. Mr. Suryya Kumar Som:** Will the Honourable Member for Railways please state:

- (a) whether it is a fact that contracts for vending fruits and other dry articles are given on communal consideration in Delhi Division on the North Western Railway;

- (b) whether it is a fact that the contract for vending fruits, etc., at Saharanpur is at present held by a Muhammadan; and
- (c) whether it is a fact that that contract at Saharanpur is to be given for the next year to both communities (Hindu and Muhammadan); if so, how far it is consistent with the policy laid down by the Railway Board?

**The Honourable Sir Andrew Clow:** (a) No.

(b) Yes

(c) I understand the question of dividing the contract on a communal basis is not under consideration. The last part of the question does not, therefore, arise.

#### COMPLAINTS AGAINST THE CONTRACTORS FOR VENDING FRUITS, ETC., AT THE LAHORE RAILWAY STATION.

**54. Mr. Surya Kumar Som:** Will the Honourable Member for Railways please lay on the table of the House a statement of the complaints received from the travelling public against the contractors for vending fruits, sweets cigarettes, *namkeens*, etc., at the Lahore railway station on the North Western Railway during 1938 and 1939 along with the action taken thereon? If no action has been taken, the reason why?

**The Honourable Sir Andrew Clow:** Government have received no complaints and no case, therefore, has arisen for taking action. I am, however, asking the General Manager if well-grounded complaints have been numerous in this period, and if so, what action was taken upon them.

#### HIGHER PRICES CHARGED BY MESSRS. SPENCER AND COMPANY, LIMITED, AT THE DELHI RAILWAY STATION.

**55. Mr. Surya Kumar Som:** Will the Honourable Member for Railways please state:

- (a) whether it is a fact that the prices charged by Messrs. Spencer and Company, Ltd., Refreshment Contractors at Delhi, North Western Railway, are higher than the prices current in Delhi market;
- (b) the reasons for such charges; and
- (c) the reasons for not taking any action under the Defence of India Act?

**The Honourable Sir Andrew Clow:** (a) and (b) I am not in possession of the prices charged but am willing to accept it from the Honourable Member that the rates for refreshments supplied for consumption by customers in the refreshment room where various amenities are provided may not be identical with those at which the articles could be secured in a market. But if the Honourable Member can furnish particulars of articles sold to be taken away at prices which are substantially in excess of those prevailing in shops of similar character in Delhi, the attention of the authorities directly concerned will be drawn to the matter.

(c) No cause has arisen for such action

**TARIFF RATES OF ARTICLES AND FOODSTUFF, ETC., AT CERTAIN RAILWAY STATIONS ON THE NORTH WESTERN AND EAST INDIAN RAILWAYS.**

**56. Mr. Suryya Kumar Som:** Will the Honourable Member for Railways please lay the tariff rates of articles, foodstuff, etc., sold at stations on the North Western and East Indian Railways within the civil districts of Delhi, Meerut and Saharanpur, together with the tariff rates of those articles within the markets of those civil districts and state the reasons for the differences in rates, if any?

**The Honourable Sir Andrew Clow:** I regret that I cannot set on foot the inquiries that would be necessary to secure a comparison of the kind desired by the Honourable Member. As vendors are numerous and prices are constantly changing, it would involve a large amount of labour and cost to secure all the particulars for any selected period. I have, however, explained on more than one occasion in the Assembly that rates within a station cannot be kept at levels identical with those outside and would refer the Honourable Member to my remarks on page 196 of the Debates for 8th February, 1940.

**COURT INSPECTORS ON THE NORTH WESTERN RAILWAY.**

**57. Mr. Suryya Kumar Som:** Will the Honourable Member for Railways please refer to paragraph 12 of the North Western Railway Commercial Manual, 1935, and state:

- (a) the number of posts of Court Inspectors on the 17th June, 1939 and their distribution in the Divisions;
- (b) the scales of pay of those posts;
- (c) the method of recruitment; and
- (d) the qualifications or criterion required for those posts?

**The Honourable Sir Andrew Clow:** I have called for information and will lay a reply on the table of the House in due course.

**REVISION OF THE CODE ON ESTABLISHMENT MATTERS ON STATE RAILWAYS.**

**58. Mr. Suryya Kumar Som:** Will the Honourable Member for Railways please state the approximate date by which the revision of the Codes on establishment matters be completed?

**The Honourable Sir Andrew Clow:** The State Railway Establishment Code was issued in February, 1938. All the copies of the Code available with the Central Publication Branch having been sold out, it has become necessary to issue a reprint. Advantage has been taken of this opportunity to revise the Code in a manner that would make it more useful and authoritative. The revised State Railway Establishment Code will be issued in two parts. Part I will contain the Fundamental, the Supplementary and other rules which are common to the Railway and other Departments of the Government of India. Part II will contain the rules which are peculiar to the Railway Department. Part II of the revised Code is expected to be ready earlier than Part I and to be issued before the 30th September of this year. The revision of Part I will be taken up immediately after Part II has been issued.

**PRICES FIXED FOR RULES AND REGULATIONS GOVERNING ESTABLISHMENT MATTERS OF SUBORDINATES ON STATE RAILWAYS.**

**59. Mr. Suryya Kumar Som:** Will the Honourable Member for Railways please state the prices fixed by the General Managers, Eastern Bengal, East Indian, Great Indian Peninsula and North Western Railways for the rules and regulations governing the establishment matters of the subordinate non-gazetted services and from where they can be had?

**The Honourable Sir Andrew Clow:** I have called for information and will lay a reply on the table of the House in due course.

**CENTRAL GOVERNMENT APPROPRIATION ACCOUNTS AND FINANCE ACCOUNTS.**

**The Honourable Sir Jeremy Raisman** (Finance Member): Sir, I lay on the table a copy\* each of:

- (1) the Central Government Appropriation Accounts (Civil) 1938-39 and the Audit Report 1940, and
- (2) the Central Government Finance Accounts 1938-39 and the Audit Report 1940.

**Dr. Sir Ziauddin Ahmad** (United Provinces Southern Divisions: Muhammadan Rural): May I ask whether these will be circulated amongst the Members of the Assembly?

**Mr. President** (The Honourable Sir Abdur Rahim): The Chair understands they will be circulated.

**DEMANDS FOR SUPPLEMENTARY GRANTS—RAILWAYS.**

**DEMAND No. 6A.—WORKING EXPENSES—MAINTENANCE OF STRUCTURAL WORKS.**

**Mr. B. M. Staig** (Financial Commissioner, Railways): Sir, I beg to move:

"That a supplementary sum not exceeding Rs 18,65,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending 31st March, 1940, in respect of 'Working Expenses—Maintenance of Structural Works' "

In moving this and the other supplementary demands that follow it, I would venture to remind the House that they have all been scrutinised and approved by its representatives in the Standing Finance Committee on Railways, to whom I have made available all the information at my disposal. The causes giving rise to the demands are briefly indicated in the footnotes to the Demands and fuller information is supplied in the memoranda submitted to the Standing Finance Committee regarding the Revised Estimates for 1939-40 under each head and in the general memorandum on the demands Nos. 6-A to 6-H regarding the ordinary working expenses of the railways. These documents have been made available to Members with the budget papers.

\*Not printed in these Debates. Copies have been placed in the Library.—E. of D.

The present demand under head 6-A arises mainly from two causes, (a) unforeseen expenditure due to floods or river erosion, and (b) additional maintenance charges relating, particularly to the track. In regard to the former we had some repairs to the Aie river bridge on the Eastern Bengal Railway between Lalmonirhat and Amingaon, unexpectedly thrown forward from last year, and further flood damages had to be made good on this railway after July 1939. Heavy river erosion at Sarisabari in the Mymensingh district involved us in Rs. 1½ lakhs for ghat shifting, and in rebuilding the abutments of and regirdering a bridge over the Sealdah Canal we spent 1½ lakhs. The East Indian Railway have had to face heavy unforeseen expenditure of about three lakhs on river training works at Balawali near Hardwar.

In regard to the maintenance of track, I would remind Honourable Members of the remarks of the Pacific Locomotive Committee. After examining certain figures of maintenance expenditure they found that material economies had been secured without curtailment of expenditure on what was really essential for the safe operation of traffic, but they felt that in some instances this curtailment had been carried too far and they reminded us that deterioration in the general condition of the permanent way increases with time and may well result in an ultimate increase in the cost of remedial measures. We have not allowed these remarks to pass unnoticed and action taken in the light of them is reflected in the additional sums which are now required for maintenance on the East Indian Railway and the Great Indian Peninsula Railway. Sir, I move.

**Mr. President** (The Honourable Sir Abdur Rahim). Motion moved:

"That a supplementary sum not exceeding Rs. 18,65,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending 31st March, 1940, in respect of 'Working Expenses—Maintenance of Structural Works'."

**Sir Muhammad Yamin Khan** (Agra Division: Muhammadan Rural): Sir, I fully appreciate the explanation which the Honourable Member who has moved this demand for a supplementary grant has given, and I am conscious of the fact that the members of the Standing Finance Committee went through all the details of the supplementary grants. But what we are faced with today by the motions before us is that they in all amount to one crore and a half. It was pointed out in this House last year that the departments should be very careful in framing their budgets so as not to come up here with demands for supplementary grants unless they ran up to a few thousands or to a few lakhs, but we have now before us a total demand amounting to about 1½ crores, and that shows that the departments have not been careful in framing their budget . . . .

**Sir Abdul Halim Ghuznavi** (Dacca cum Mymensingh: Muhammadan Rural): 1½ crore demand is not for a particular item.

**Sir Muhammad Yamin Khan**: My friend has not been listening to what I was saying. I said that all the demands on the paper put together amount to about 1½ crores, and if the departments leave out such big sums so as to come out before this House with such huge demands for supplementary grants at the end of the year, it shows that they have not been paying proper attention when framing their budget proposals. I don't

[Sir Muhammad Yamin Khan]

suggest that the House should reject any of these demands, but all that I ask is that the departments should be careful to anticipate their requirements in framing their budget so that we may not be faced with these big supplementary demands every year. We had rejected a few demands last year because they were very heavy, and with that experience the departments should have been more careful, but, evidently, they were not, with the result that we are today faced with these huge demands for supplementary grants. I hope, Sir, in the coming years we will not be faced with such huge demands and there will be no need for us to vote down the proposals.

**Sir Abdul Halim Ghuznavi:** Sir, I support this motion. My friend, Sir Muhammad Yamin Khan, did not properly listen to the Honourable the Mover of this motion, I think . . . .

**Sir Muhammad Yamin Khan:** I said I had listened to him and also appreciated his remarks.

**Sir Abdul Halim Ghuznavi:** If he had appreciated the remarks of the Mover, my friend would not have made the speech that he had done. My friend said that it was atrocious that the Railway Board should come forward with a demand for 1½ crores . . . .

**Mr. Muhammad Nauman** (Patna and Chota Nagpur *cum* Orissa: Muhammadan): He did not say that.

**Sir Abdul Halim Ghuznavi:** He said it was a very big demand, and he also said that he had pointed out last year that the departments should be more careful in framing their budget proposals so that they might not come up here with demands for huge supplementary sums like this. May I ask my friend what are the three items for which this particular grant is asked for? The first is for the Eastern Bengal Railway. My friend has evidently no experience of the Eastern Bengal Railway . . . .

**Sir Muhammad Yamin Khan:** The Honourable Member is referring to only the demand for Rs. 18,00,000.

**Mr. President** (The Honourable Sir Abdur Rahim): That is the one under consideration.

**Sir Abdul Halim Ghuznavi:** That is the one you have opposed.

**Sir Muhammad Yamin Khan:** I did not oppose it.

**Sir Abdul Halim Ghuznavi:** Your remarks are tantamount to opposition. The Budget was framed in October, 1938, for the year 1939-40. How could the Eastern Bengal Railway prophesy that there would be a huge flood in August of 1939 when they framed their Budget in October, 1938? They have given an account of their reasons for the additional grant . . . .

**Dr. Sir Ziauddin Ahmad** (United Provinces Southern Divisions: Muhammadan Rural): Where is that account given, on what page?



**Sir Abdul Halim Ghuznavi:** It is on the first page.

**Mr. Muhammad Nauman:** Is that the first flood in 1939 on the Eastern Bengal Railway?

**Sir Abdul Halim Ghuznavi:** The flood took place in 1939, and the Eastern Bengal Railway could never have anticipated it or taken it into account in October, 1938, when they framed their budget.

**Sir Muhammad Yamin Khan:** Why not?

**Dr. Sir Ziauddin Ahmad:** Will you please read . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): Let the Honourable Member put his case in his own way

**Sir Abdul Halim Ghuznavi:** The Eastern Bengal Railway, as I said, could not have foreseen the floods which necessitated extensive repairs to certain bridges.

The next item then refers to the East Indian Railway. For that also the explanation is given in this small pamphlet on page 1, that is to say, extension of certain river training works, repairs to bridges, and to station and workshop buildings and so on.

Then comes item (c) regarding the Great Indian Peninsula Railway, and as the Honourable the Mover has pointed out, certain improvements were neglected which had to be carried out according to the recommendations of the Pacific Locomotive Committee. That Report came very late. Sir, I support this motion.

**Dr. Sir Ziauddin Ahmad:** Sir, I am afraid that my friend, Sir Abdul Halim Ghuznavi, misunderstood the remarks made by my friend, Sir Muhammad Yamin Khan. He first made his general observations and said that it was rather unfair for the Financial Commissioner to come forward here to ask for a supplementary demand amounting to 1.53 crores. It is a big amount and he has adopted the same method which we condemned last year. Now, coming to the particular item before us, I said last time that the permission of the Finance Committee was obtained in the same manner as the King of Zululand used to do. My friend, Sir Abdul Halim, said 'no, it was not correct' and that Mr. James will never allow any such thing. At page 38 of the Finance Committee's Report in connection with this particular item, it is stated here:

"In connection with the increased expenditure anticipated under this head in the current year and the next, the Chairman drew attention to the recommendations of the Pacific Locomotive Enquiry Committee regarding the manufacture of Railway track."

Now, I have got the Report of the Locomotive Pacific Inquiry Committee, and I should be glad if Mr. James would point out to what exactly reference is made and on what pages? I mean the manufacture of Railway track, and what particular amount of money is provided for this purpose, because manufacture of railway track is a very big item, and, certainly, it cannot be brought forward in a supplementary demand. This is an important issue and it ought to be raised on the floor of the House

[Dr. Sir Ziauddin Ahmad.]

so that we may be able to discuss the policy by a cut motion. I am quoting from the Proceedings of the Meetings of the Standing Finance Committee for Railways of the 30th and 31st January, 1940, page 38.

**The Honourable Sir Andrew Clow** (Member for Railways and Communications) I understand that "manufacture" is a misprint for "maintenance"

**Dr. Sir Ziauddin Ahmad:** It is rather a very big misprint. Let us assume that this mistake has been committed and it is really the word maintenance instead of the word manufacture. When we take this particular item, the Pacific Locomotive Enquiry Committee's report regarding the maintenance of railway track, we know that on this question of maintenance of railway track the Committee raised a very important issue and this matter should have come on the occasion of the ordinary budget, I would have moved a cut motion to discuss the policy underlying this particular report, but to bring it up under a supplementary grant is really to deprive us of the privilege which we have as Members of this House, i.e., to discuss the report of the Pacific Enquiry Committee's report, and now the only thing left to me is this, say Yes or No. I submit that we are not fairly treated because the right that we possess of discussing the policy has been denied to us by bringing it up under a supplementary grant. I submit when we begin to take action on the Locomotive Committee's Report about the maintenance of railway track, the question is a very important one and the few lakhs of rupees asked for in this supplementary grant will not suffice to give effect to the recommendations of the Pacific Locomotive Committee. It requires an investigation of the entire problem about track. You have to find out in what way the velocity, the powers or the engine, the machinery, the track are connected together, and I do not know how by spending a few lakhs under this supplementary grant the problem of the maintenance of track as visualised in the Pacific Locomotive Committee's report can be solved. If you require this money for the repair of a certain track I do not mind, but when you say that you are going to take action according to the recommendations of this particular report, then certainly I have got a right to raise the issue whether this small amount will suffice to give effect to the recommendations of the Committee. You must take it seriously and try to evolve a policy and work out all the details, what particular tracks require to be modified and in what particular manner, but to produce this in this particular manner and shut our mouths from speaking on this big issue is unfair to the Members of this House. It is quite possible that a certain portion of the track may have gone wrong on account of heavy rains or floods,—I agree, but, certainly, I do desire as a Member of the House that some more indication should be given to me. I am not satisfied with these few remarks mentioned here in this pamphlet. This says:

"Re-building abutments and re-girdering of a canal bridge, repairs thrown forward to this year from last to a large bridge, permanent repairs to certain banks and guide-bunds, and shifting of a ghat and a ghat line owing to erosion by the river"

There is no mention of what is that ghat, what particular banks were affected by floods. This report gives details in the same manner as a candidate gave an answer in his examination hall on history. He was

asked, "Who is Chegiz Khan?" The candidate replied, "He was the son of his father. He was born on the date destined by God. He did certain things and he died on the date God fixed for him." Without giving more details about the expenditure, my Honourable friend asks us to vote, and I submit that he should not treat us in the way in which the King of Zululand did, but should give us figures. Don't say, "please vote blindly". The only argument that my Honourable friend has given is that this thing had been thoroughly examined by the Standing Finance Committee. I have got the report of the Standing Finance Committee and this is the report I do not know who examined it. Perhaps the Chairman must have examined it and the Chairman himself may have scrutinised the whole thing on behalf of the Standing Finance Committee. He has examined the thing himself, he has made up the minds of the Standing Finance Committee and now he makes up our mind on behalf of the Standing Finance Committee and the Legislature. The present position is exceedingly anomalous and now we are required to give our votes to an expenditure which has already been incurred. It is not an expenditure which may be incurred so that we may say No and the money may be saved. But here, in this case the money has already been spent and we have no alternative but to vote for the whole amount. I admit my Honourable friend has satisfied the Standing Finance Committee by saying "I have satisfied myself, so please vote for it." After having got the vote of the Standing Finance Committee, he comes here and says, "I satisfied myself on behalf of the Standing Finance Committee. So, please vote for the grant." The whole thing is really a misnomer and I am not very happy about the way in which these supplementary grants are asked for. Moreover, it is not a trivial amount, it is a substantial sum, and though I agree with my Honourable friend, Sir Abdul Halim Ghuznavi, that there are certain expenditures which could not be foreseen like floods, yet at the same time all these items of one crore and 53 lakhs do not come under that category. Therefore, I do beseech the Government of India that they ought to lay before us facts which may enable us to form an intelligent opinion and give honest votes.

**Some Honourable Members:** Let the question be now put.

**The Honourable Sir Andrew Olow:** Sir, the Honourable Doctor is hard to please. In previous Sessions . . .

**Dr. Sir Ziauddin Ahmad:** I am always influenced by good reasons.

**The Honourable Sir Andrew Olow:** In previous Sessions it was the custom to put these demands before the House without any speech, and the House, knowing that it can rely on the Standing Finance Committee, normally passed them without discussion. This morning the Financial Commissioner, in an endeavour to give fuller information, made an explanatory statement, and Dr. Sir Ziauddin Ahmad complains now that he is not given enough information. Mr. Staig mentioned, for example, where the river erosion had taken place, he stated which is the canal bridge over which rebuilding abutments and regirdering had to be undertaken, he said where certain river training works had actually been done.

[Sir Andrew Clow.]

I am willing to admit that the total sum asked for is, regarded in isolation, a large sum, but I think Honourable Members will recollect how large the railway budget is. They will see that the estimating is done to a very small percentage of error indeed. When you have a sum of a crore and more it sounds enormous, as Sir Muhammad Yamin Khan says, but when you remember that that is on a total of over 60 crores and when you remember the enormous number of unexpected events that could occur, I do not think the Financial Commissioner can be accused of incorrect budgeting. Clearly, if we were to follow the suggestion made and budget so as to avoid supplementary grants, we should have budgeted for a large sum on which we would always have very substantial savings. We would have to say, "Now there may be a flood in Madras this year and, therefore, we provide for a flood in Madras. We may have a bridge collapse owing to an accident or something else on the North Western Railway and, therefore, we will put in 20 or 30 lakhs for that". In that way the budget would reach staggering figures, and, of course, there would be large savings. On some of the other grants there are savings and if we were to adopt Sir Muhammad Yamin Khan's suggestion of not splitting up demands into various grants but putting them all in one grant only, the sum asked for would always be considerably smaller.

I suggest that this method of budgeting for what we can regard as reasonably certain requirements and asking for a supplementary grant later for contingencies gives the Assembly in effect a far greater control than it would otherwise have, and it is at the instance of a Committee of the Assembly that we have introduced, for example, in Open Line Works, the system of putting down a large sum for probable savings, so that if we were to carry out all the works of which they have in theory approved, we should always have to come for a substantial supplementary grant. For example, in the present year's budget, if we are to carry out all the works for which we have made provision, we should have to come next year and ask for a supplementary grant of two crores as that represents the approximate deduction made for probable savings.

Sir Ziauddin Ahmad complained that the present method has deprived the Assembly of an opportunity of discussing the question of improving the track in accordance with the recommendations of the Pacific Locomotive Committee. I quite agree that the sum we have provided is inadequate for that purpose but it is not the final payment and it was open to him quite apart from his opportunity of moving a cut motion on this supplementary grant, to raise the whole question of policy in the budget debate. Actually, I am told, that the policy of giving effect to the recommendations will, during the next few years, cost an extra four lakhs on the East Indian Railway alone. I hope that the House will feel that they can trust the Standing Finance Committee to go into these matters and will not feel it necessary to go into such small matters as where erosion has taken place or where a bridge has had to be strengthened before agreeing to this demand.

**Mr. President** (The Honourable Sir Abdur Rahim): The question is:

"That a supplementary sum not exceeding Rs. 18,65,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending 31st March, 1940, in respect of 'Working Expenses—Maintenance of Structural Works'."

The motion was adopted.

**DEMAND No. 6-B—WORKING EXPENSES—MAINTENANCE AND SUPPLY OF  
LOCOMOTIVE POWER.**

**Mr. B. M. Staig:** Sir, I move:

“That a supplementary sum not exceeding Rs. 42,00,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending 31st March, 1940, in respect of ‘Working Expenses—Maintenance and Supply of Locomotive Power’ ”

Sir, it is under this head that the bulk of the total of the supplementary demands, to which my friend, Sir Muhammad Yamin Khan, alluded, falls. In his budget speech the Honourable the Communications Member stated that we expect a surplus this year of 3.61 crores instead of 2.13 crores originally budgeted for. Our gross traffic receipts are estimated now at 97.30 crores against the budget estimate of 94.75. Of the increase, 30 lakhs is attributable to the increases in fares and freight but the balance—about 2½ crores—accrues from additional traffic. To earn this we have naturally to incur additional expenditure and this head of account—6B—is the head under which the larger portion of that expenditure is debited. The general causes of increase are four: (a) more coal consumed; (b) heavier payments on account of freight consequent on the greater quantity of coal carried; (c) heavier repairs to locomotives arising amongst other causes from increased traffic and (d) the general rise in the price of materials for repairs which has been greatly accentuated by the outbreak of war. Sir, I move

**Mr. President** (The Honourable Sir Abdur Rahim) Motion moved:

“That a supplementary sum not exceeding Rs. 42,00,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending 31st March, 1940, in respect of ‘Working Expenses—Maintenance and Supply of Locomotive Power’ ”

**Mr. Muhammad Nauman:** Sir, I rise to support this motion and I take this opportunity of appreciating the very good speech that the Honourable Sir Andrew Clow made. He was absolutely right in saying that the House ought to be thankful to the Government for having budgeted on usual circumstances and without providing for unforeseen incidents which compelled them to come forward with further demands. This shows that the budget was made on the most conservative lines, and that economy was the predominating idea for the estimates on the entire administration of the railways. It was quite open to Government Members to produce an extravagant budget and say that something might happen and provide for all sorts of imaginary contingencies. He has not done that and I feel that the House has no business to have any grievance on that account. I hope my Honourable friends will appreciate this point. I think my Honourable friend, Sir Muhammad Yamin Khan, was rather misunderstood. He had as much idea of supporting the motion as I have.

Coming to the estimate first take the question of the rise of prices. Certainly this could not have been in the mind of the Honourable Member at the time of the budget and it is perfectly right that the Financial Commissioner should have come with an additional demand under this special circumstance for this particular item.

Then I want to say a few words about the Standing Finance Committee. Something has been said to that. Of course, it is not possible

[Mr. Muhammad Nauman.]

for any committee at all to investigate and look into all the details of the accounts because Honourable Members of the House know that their representatives have not got the advantages of any Secretariat as the Members of the Government have. We cannot even put the questions on details which we ought to, because there is no machinery to make us understand things in details. The agenda is not supplied early enough to enable us to study them so carefully. Sometimes we are busy otherwise and cannot find the necessary time to go into all these things in detail and for this purpose I would suggest to the Honourable Member in charge of Railway finances to the advisability of calling the Standing Finance Committee more often than before and detain the members for longer periods. That can be the only proper procedure. As a member of the Standing Finance Committee, I can say that whatever information we wanted it was given to us, nothing was refused to us and if we do not ask for very detailed informations, the fault lies with us and with our own arrangements and we are responsible for it. Another thing stated is that the information given in this booklet is very meagre. I think there can be no two opinions on that but at the same time if very much detailed information is provided those may be more misleading and then the Honourable Members may not have the time to read and understand same. Such being the case, it is the duty of the members of the Standing Finance Committee to ask for more information and if the Government refused those informations at all, I would be the first man to oppose Government, right and left, inside and outside the House for every item of demand.

**Sir Abdul Halim Ghuznavi:** Mr. President, in the first place I should like to tell this House that my Honourable friend, Dr Sir Ziauddin Ahmad, made a serious charge on the members of the Standing Finance Committee of neglect of duty.

**Dr. Sir Ziauddin Ahmad:** I did not.

**Sir Abdul Halim Ghuznavi:** You did in this sense that this item was passed without that scrutiny which was required of them. The Honourable the Mover of this supplementary demand mentioned it in his speech as well as stated in writing that the Standing Finance Committee for Railways have agreed to the supplementary demand, *vide* page 45 of the proceedings of their meeting. Three Muslim League Members . . . .

**Mr. Muhammad Nauman:** Refer to the whole House. There is no question of party.

**Sir Abdul Halim Ghuznavi:** I am not giving way. Three of the Muslim League Party Members were there . . .

**An Honourable Member:** Are they still there?

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member (Sir Abdul Halim Ghuznavi) has said that more than once.

**Sir Abdul Halim Ghuznavi:** They were members of the Railway Standing Finance Committee, and it does not lie in the mouth of my Honourable friend, Dr. Sir Ziauddin Ahmad and my Honourable friend, Sir Muhammad Yamin Khan, now to come up and oppose this demand.

**Mr. Muhammad Nauman:** Who opposed it? That is a wrong impression.

**Mr. President** (The Honourable Sir Abdur Rahim): The Chair thinks the Honourable Member should correct himself, *viz.*, that the Honourable Member to whom he referred has not opposed. The Honourable Member is referring to a demand that has already been disposed of. We are now dealing with the second demand.

**Sir Abdul Halim Ghuznavi:** It does not lie in the mouth of Dr. Sir Ziauddin Ahmad . . .

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member had better confine himself to the demand before the House.

**Sir Abdul Halim Ghuznavi:** I am not discussing what he said; can I not reply to him, on one point which he then made, now?

**Mr. President** (The Honourable Sir Abdur Rahim): No, unless he made a personal attack.

**Sir Abdul Halim Ghuznavi:** A complete answer has been given to my Honourable friend Dr. Sir Ziauddin Ahmad, by my Honourable friend, Mr. Nauman. The Finance Committee Members have done their duty . .

**Mr. Muhammad Nauman:** But I certainly am responsible to my Party for giving all the information.

**Sir Abdul Halim Ghuznavi:** . . . and they scrutinised all this in the Standing Finance Committee and it ought to get through this House without long speeches. Sir, I support this motion.

**Dr. Sir Ziauddin Ahmad:** Sir, there is one point to which I would like to draw attention under this particular demand, *viz.*, that this demand, as pointed out in the reasons given, was due to the rise in prices of materials. I quite admit that from the 1st of September prices have gone up and that this could not be foreseen at the time of framing the Budget but what I would like to find out is this,—we know that a portion of these replacements is paid by the Depreciation Fund and a portion by general revenues. Will you please let me know whether a portion of this increased expenditure has also been debited to the account of the Depreciation Fund, and if not, why not—because, after all, the Depreciation Fund must pay a portion of the expenditure in this particular case. I do not see that they have demanded any additional expenditure from the Depreciation Fund; they are debiting the whole amount to general revenues, and what are the reasons? I will not make a speech with regard to the next demand if the reply is given by the Honourable Member under this demand now. As regards the speech of my Honourable

[Dr. Sir Ziauddin Ahmad.]

friend, Sir Abdul Halim Ghuznavi, I never cast any reflection against members of the Committee because they are just as honourable as myself. I have been criticizing the system and will continue to criticize the system—not individual members. So he entirely misunderstood me, because I have as much confidence in him as a member of the Railway Standing Finance Committee . . . .

**An Honourable Member:** He is not a member now.

**Dr. Sir Ziauddin Ahmad:** . . at least he had been for 15 years—as I am confident of myself. So this question does not arise, and that is the only thing I want to know, whether this thing was included or not.

**Mr. B. M. Staig:** Sir, for the Honourable Member's information, I would explain that this head covers repairs and very petty renewals—substantial renewals and replacements are charged to the Depreciation Fund.

**Mr. President** (The Honourable Sir Abdur Rahim): The question is

“That a supplementary sum not exceeding Rs. 42,00,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending 31st March, 1940, in respect of ‘Working Expenses—Maintenance and Supply of Locomotive Power’ ”

The motion was adopted

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DEMAND No. 6-C—WORKING EXPENSES—MAINTENANCE OF CARRIAGE AND WAGON STOCK.

**Mr. B. M. Staig:** Sir, I beg to move:

“That a supplementary sum not exceeding Rs. 19,00,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending 31st March, 1940, in respect of ‘Working Expenses—Maintenance of Carriage and Wagon Stock’ ”

Sir, the expenditure under this head is, as Honourable Members will appreciate, liable to be affected by the traffic carried, though not to the same extent as that under the head 6-B. I alluded in my remarks under that head to the additional revenue we now anticipate and also to the increase in the price of materials. I mentioned a year ago in the explanatory memorandum on the Budget for 1939-40 the general situation in regard to rolling stock. In the period of depression commencing in 1930 which was followed by a modest revival of traffic, rolling-stock purchases were curtailed and every effort was made to meet any improvement in traffic by more intensive use of existing stock. In consequence of this, the average age of our rolling stock has increased appreciably and some increase in the cost of maintenance on this account is inevitable. This has made itself felt this year in particular on the Eastern Bengal and the Bombay, Baroda and Central India Railways, where it has been found necessary to undertake repairs considerably in excess of those contemplated in framing the Budget. On the first-named Railway 241 broad gauge and 68 metre gauge items of coaching stock were repaired in excess of those contemplated by the original Budget, and it was further found necessary to carry out very heavy and expensive repairs to jute wagons. Certain



further expenditure is required in the effort to overtake arrears. On the Bombay, Baroda and Central India Railway, two lakhs in excess of the Budget provision are required to repair 125 additional coaches and during the year it has been found that one hundred and twenty cattle wagons and certain brake-vans require repairs estimated to cost two and a half lakhs. Sir, I move.

**Mr. President** (The Honourable Sir Abdur Rahim): Motion moved

"That a supplementary sum not exceeding Rs. 19,00,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending 31st March, 1940, in respect of 'Working Expenses—Maintenance of Carriage and Wagon Stock'."

**Sir Muhammad Yamin Khan:** Sir, I want some information because one thing has not been explained by the Honourable Member in his speech when he gave the details of the reasons as to why these supplementary grants are necessary. I can see from the headings which are given under A, B, C and D that the prices of materials have gone up high, and whatever may have been due to that, of course that could not be foreseen, but when he comes to the head under E, that is, "repairs to a large number of coaching vehicles more than were originally expected", I cannot see why that was not foreseen. At least some more explanation is required from him as to why this was not foreseen at the time the Budget was framed, that these coaches will require repairs, I mean in number, not in the cost by the rise in price—the point is, whether that was due to the meagre information given by the Agents.

**Sir Abdul Halim Ghuznavi:** Will you kindly read E carefully?

**Sir Muhammad Yamin Khan:** If the Honourable Member can reply on behalf of Government to me, I will have no objection to it if he holds any brief on behalf of the Government, but I am asking the Honourable Member, the Finance Commissioner, who understands more intelligently my remarks. I want that an explanation ought to be given to this House as to why these items were not foreseen at the time of the framing of the Budget; if they were not foreseen, whose fault it was at that time, and why the proper information was not given to the Finance Department of the Railways. Was it either through the fault of the Agents of the different Railways, or did it come to light only when the Budget was framed? That explanation is really required.

**Sir Abdul Halim Ghuznavi:** Sir, I asked my Honourable friend, Sir Muhammad Yamin Khan, to read item (e) very carefully and he said he did read it. I will now read to the House item (e) to show that all the information that he has asked for is given there. It runs

"Repairs to a larger number of coaching vehicles than were originally expected".  
At the time of the Budget they never expected these repairs.

**Sir Muhammad Yamin Khan:** Why? That is what I am asking.

**Sir Abdul Halim Ghuznavi:** The answer is that under those circumstances they did not expect such a heavy traffic as they expect now. They did not expect an increase in the traffic which owing to the war

[Sir Abdul Halim Ghuznavi]

has now taken place. The Financial Commissioner would not have sanctioned those repairs then because they could not have justified the additional expenditure which they can justify now. This is the complete reply to my Honourable friend, Sir Muhammad Yamin Khan. To complete item (e).

"Rebuilding of cattle wagons and weighted brake vans, and rise in prices of materials"

If my Honourable friend had read the two speeches delivered by the Honourable Member for Communications and the Honourable the Financial Commissioner for Railways he would have discovered that this expenditure was necessary. He has not studied those two speeches. Sir, I support this motion.

**Mr. Lalchand Navalrai** (Sind · Non-Muhammadan Rural): Sir, I do not want to make a long speech on this demand. I have no quarrel with this supplementary demand, nor do I wish to cross my swords with any of the Knights here. I only wish to draw the attention of the House and of the Honourable Member for Communications and also of the Financial Commissioner for Railways to the very imminent and very emergent repairs that are required to be done to the coaches. It is known to the House that nowadays there is a great complaint of the insecurity of carriages in the sense that the compartments for ladies are not secure at all.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member had better deal with the demand as it is.

**Mr. Lalchand Navalrai**: No details are given here to show whether a grant which is being asked for for repairs was necessary or not. Therefore, I am asking for information whether the question of those repairs which are pending before the General Managers and which have come before the Advisory Committees is going to be taken up or not. Many dacoities and robberies are taking place on the trains and the travelling public is feeling very nervous.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member had better put down separate questions regarding that. The motion under discussion has nothing to do with dacoities.

**Mr. Lalchand Navalrai**: In the case of the female compartments, no facilities for communications have been provided, and I would request the Honourable Member for Railways to go into that point.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member is not in order as regards that. He must confine himself to the actual demand.

**Mr. Lalchand Navalrai**: How can I understand the demand without the details?

**Sir Abdul Halim Ghuznavi**: The details are given there.

**Mr. Lalchand Navalrai:** I have already said that I do not want to cross my swords with the Honourable Member. What I am submitting is that some attention should be given to these repairs, and that is sufficient for my purpose.

**Honourable Members:** The question may now be put

**Mr. President** (The Honourable Sir Abdur Rahim) The question is 'That the question be now put'  
The motion was adopted.

**Mr. President** (The Honourable Sir Abdur Rahim) The question is.  
"That a supplementary sum not exceeding Rs 19,00,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending 31st March, 1940, in respect of 'Working Expenses—Maintenance of Carriage and Wagon Stock'"  
The motion was adopted

DEMAND No. 6 D—WORKING EXPENSES—MAINTENANCE AND WORKING OF FERRY STEAMERS AND HARBOURS.

**Mr. B. M. Staig:** Sir, I beg to move

"That a supplementary sum not exceeding Rs 1,02,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending 31st March, 1940, in respect of 'Working Expenses—Maintenance and Working of Ferry Steamers and Harbours'"

Thus is a small supplementary demand and the reasons for it are fully detailed in the foot-note. The largest item for an individual railway is Rs 45,000 on the Eastern Bengal Railway. This relates to expenditure incurred in working the Teestamukh Ghat—Bahadurabad ferry. Sir, I move

**Mr. President** (The Honourable Sir Abdur Rahim): The question is:

"That a supplementary sum not exceeding Rs 1,02,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending 31st March, 1940, in respect of 'Working Expenses—Maintenance and Working of Ferry Steamers and Harbours'"

The motion was adopted

DEMAND No. 6 E—WORKING EXPENSES—EXPENSES OF TRAFFIC DEPARTMENT

**Mr. B. M. Staig:** Sir, I beg to move.

"That a supplementary sum not exceeding Rs 3,98,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending 31st March, 1940, in respect of 'Working Expenses—Expenses of Traffic Department'"

Sir, in the papers circulated to the House, the supplementary demand under this head is shown as Rs. 7,65,000. In regard to this and the three demands that follow, I have received yesterday certain information which causes me to modify the demands approved by the Standing Finance Committee. Happily, in each case the modification is by way of reduction. The total reduction is about five lakhs. Under this demand, I require now only Rs. 3,98,000. This increase over the budget is mainly due to the increase in traffic that has occurred since the outbreak of war

**Sir Muhammad Yamin Khan:** How have you split it up now?

**Mr. B. M. Staig:** You will find in the printed statement a sum of 5½ lakhs against the East Indian Railway. That sum should now be reduced to Rs. 1,58,000. The main individual item of increase occurs on the East Indian Railway, where a sum of 1½ lakhs is required mainly in connection with increased coal traffic at the docks. Sir, I move.

**Mr. President** (The Honourable Sir Abdur Rahim). The question is:

"That a supplementary sum not exceeding Rs. 3,98,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending 31st March, 1940, in respect of 'Working Expenses—Expenses of Traffic Department'."

The motion was adopted.

#### DEMAND No. 6 F—WORKING EXPENSES—EXPENSES OF GENERAL DEPARTMENTS.

**Mr. B. M. Staig:** Sir, I beg to move.

"That a supplementary sum not exceeding Rs. 2,23,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending 31st March, 1940, in respect of 'Working Expenses—Expenses of General Departments'."

Sir, as in the case of the Demand under the head 6-E, I desire to reduce the figure approved by the Standing Finance Committee and included in the printed papers presented to the House. The figure now required is Rs. 2,23,000 instead of Rs. 2,80,000. About one lakh of this supplementary demand is required in respect of amounts due from two railways to Provincial Governments for the cost of order police on railways. As Honourable Members are aware, we have become liable for the cost of such police since the 1st April, 1937. We budget for this on information made available to us by Provincial Governments and their revised estimates have exceeded the amounts anticipated when we framed our budget originally. Of the balance of the demand, the greater portion relates to expenditure on accident relief train medical equipment, to additional purchases of medical stores on the Eastern Bengal and the East Indian Railways, to extra nursing staff and other expenditure on the Eastern Bengal Railway in connection with the Majdia accident. Sir, I move.

**Mr. President** (The Honourable Sir Abdur Rahim). Motion moved:

"That a supplementary sum not exceeding Rs. 2,23,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending 31st March, 1940, in respect of 'Working Expenses—Expenses of General Departments'."

**Dr. Sir Ziauddin Ahmad:** Sir, may I just draw attention to one particular point. In the note on page 6, the explanation given under (b) is:

"increase in leave salary due to more officers proceeding on leave than was originally expected, increased contingent expenditure on account of rise in prices, and some additional expenditure on drugs."

Under this note, all the things are clubbed together. We do not know how much money is required under each head. I should like to know particularly why more leave salary was necessary. Did more officers go on leave on account of war conditions or were there other abnormal reasons?

Will you give us some idea as to the manner the demand is split up into various items and the amount under each item? I want to know particularly about leave salary. Why was it more?

**Mr. B. M. Staig:** I might first of all say that as regards the East Indian Railway, there was an increased provision under leave salary of Rs. 24,000. As Honourable Members are aware, before the financial year begins, it is a matter of considerable speculation what officers will go on leave. There is always a liability to modify the budget provision either up or down in the course of the year as leave arrangements become crystallized.

**Dr. Sir Ziauddin Ahmad:** I could appreciate if they went down on account of war conditions.

**Mr. B. M. Staig:** I think most of the leave would have been arranged for and entered upon (as my own leave was) during the period before the war.

The contingent charges which the Honourable Member alluded to account for Rs. 15,000. There is also an additional expenditure on drugs on the East Indian Railway of about Rs. 11,000.

**Mr. President** (The Honourable Sir Abdur Rahim): The question is—

“That a supplementary sum not exceeding Rs 2,23,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending 31st March, 1940, in respect of ‘Working Expenses—Expenses of General Departments’.”

The motion was adopted.

#### DEMAND NO. 6 G.—WORKING EXPENSES—MISCELLANEOUS EXPENSES.

**Mr. B. M. Staig:** Sir, I beg to move

“That a supplementary sum not exceeding Rs 23,05,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending 31st March, 1940, in respect of ‘Working Expenses—Miscellaneous Expenses’.”

Sir, I desire to reduce the figure of Rs 23,75,000 given in the printed papers and approved by the Standing Finance Committee to Rs 23,05,000. The largest single item of this demand is about six lakhs for gratuities payable to staff under the rules, on retirement or to their dependants on their death. Actually, during the present year, the number of casualties or retirements has been considerably greater than anticipated. The next largest item is 4½ lakhs on the Eastern Bengal Railway for compensation payments arising out of the Majdia accident which occurred in April, 1939. Similar payments, but on a much smaller scale, have had to be made on the East Indian and the Great Indian Peninsula Railways. These total about two lakhs. Then there is a sum of slightly over 3½ lakhs being written back from capital to revenue in respect of the Kedla colliery. This was purchased in 1922 at a time when the price of coal in the market was very high. But in subsequent years and before this colliery was developed to the coal raising stage, it was found that it was more economical to buy in the market than to work this colliery and so further development was stopped. It has now been decided to endeavour to dispose of the colliery to the best advantage.

[Mr B. M. Staig.]

The other important items under this demand are increases in freight charges on stores, about three lakhs in all on the Assam Bengal, Eastern Bengal and East Indian Railways. There is, of course, in respect of such charges, a corresponding credit in our traffic receipts. Payments totalling almost two lakhs in excess of the provision have to be made to the Indian Stores Department for fees in connection with purchase and inspection. This is from the pocket of the Railway Department into the pocket of the Indian Stores Department. Sir, I move

**Mr. President** (The Honourable Sir Abdur Rahim) Motion moved.

"That a supplementary sum not exceeding Rs 23,05,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending 31st March, 1940, in respect of 'Working Expenses—Miscellaneous Expenses'."

**Dr. Sir Ziauddin Ahmad:** Sir, there are just one or two points to which I should like to draw the attention of the Honourable Member. First I take up item (c). One of the reasons on account of which this additional demand is needed is given there as

"adjustment in regard to contribution to the Railway staff Benefit fund owing to variation of actuals from estimates in the basis of calculation"

I think, Sir, they have got a fixed rule that they pay one rupee per head and I do not see any reason why there should be any variation unless an unusually large number of persons have been employed during the year which was not contemplated at the beginning. I think they pay only one rupee per head on the total strength of the staff and, therefore, there ought not to be any variation in this contribution to the railway fund for which a supplementary demand is necessary. The only justification there could be for a supplementary demand is that they employed larger number of persons not contemplated at the time when the demand was made for 1939-40.

The second point to which I should like to draw attention is with reference to part (d). That is about the increased freight charges on stores. My Honourable friend gave some reasons but he did not very clearly say whether this increase was necessary on account of the rise in the rates and fares or whether it was due to the fact that extra quantity of stores was purchased which were not contemplated in the original budget.

The next point is that in connection with this demand the Standing Finance Committee desired to be furnished with copies of the annual report of the Central Publicity Officer and also to see the posters and pamphlets issued by him. I wonder whether these copies could be supplied and copies of the reports also.

**Mr. B. M. Staig:** Yes.

**Dr. Sir Ziauddin Ahmad:** If so, I would request that such copies may also be made available to Members of the Legislature, because, after all, we would like to give our vote on any particular demand with conviction not merely on the authority that some persons have studied the whole thing for us. These are the points to which I should like to draw the attention of the Honourable Member and I expect he will enlighten us on these points.

**Mr. Muhammad Nauman:** Sir, I rise to support the motion. I am glad to hear from the Financial Commissioner that these copies were supplied and shown to us by the Publicity Department although I doubt whether that Department was doing as much work as they should have done. My remarks to this discussion should be treated only as suggestions and should have a suggestive value, and nothing else. I do not know whether I would be in order in discussing the crew-in-charge's allowances on the Eastern Bengal Railway but there is something about allowances here in connection with the Staff Benefit Fund on the East Indian Railway and this encourages me to introduce the Eastern Bengal Railway affair and may be considered in future in connection with the Eastern Bengal Railways crew-in-charges allowances.

**The Honourable Sir Andrew Clow:** Sir, I do not think this comes within this particular grant.

**Mr. President** (The Honourable Sir Abdur Rahim) If it is not covered by the grant the Honourable Member cannot refer to it

**Mr. Muhammad Nauman:** Then I have nothing more to say and I support the motion.

**Mr. B. M. Staig:** Sir, I cannot give the details about the contributions to the Railway Staff Benefit Fund to which my Honourable friend, Sir Ziauddin, referred. The amount in issue there is only Rs. 20,000. As I explained to him, the excess charges in connection with freight were not due to any increase in the freight charges but due to the additional amount of stores carried.

**Dr. Sir Ziauddin Ahmad:** But is it not a fact that you deposit one rupee per head to the Staff Benefit Fund? Then why Rs. 20,000 extra? Did you appoint 20,000 extra men during the year?

**Mr. J. H. F. Raper** (Government of India: Nominated Official): Sir, the maximum amount that the railway will contribute to the Staff Benefit Fund is one rupee per head of staff employed. Then there are credits to that fund from fines and forfeited bonuses and the amount of these reduces the contribution of the railway. So if in one year the fines, etc., amount to Rs. 5,000 the contribution by the railway would be reduced by that amount in the next year. So the minimum amount in any year accruing to that fund is one rupee per head of staff.

**Dr. Sir Ziauddin Ahmad:** My friend is quoting the old rules of the Railway Board which have been changed. They are not crediting fines and they are not making deductions for fines, under the new rules.

**Mr. J. H. F. Raper:** Sir, that is not so. I regret to say that fines are still incurred by the staff, except by clerical staff who are immune from fining under the new rules.

**Mr. President** (The Honourable Sir Abdur Rahim): The question is—

"That a supplementary sum not exceeding Rs. 23,05,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending 31st March, 1940, in respect of 'Working Expenses—Miscellaneous Expenses'."

The motion was adopted.

**DEMAND No 6 H—WORKING EXPENSES—EXPENSES OF ELECTRICAL  
DEPARTMENT.**

**Mr. B. M. Staig:** Sir, I beg to move.

“That a supplementary sum not exceeding Rs 8,49,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending 31st March, 1940, in respect of ‘Working Expenses—Expenses of Electrical Department’.”

I desire to reduce the sum of Rs 8,75,000 included in the printed papers and approved by the Standing Finance Committee to Rs. 8,49,000. Of the sum asked for under this head, the rise in prices accounts for almost Rs 1 lakh. On the Bombay, Baroda and Central India Railway in the previous year an experiment was initiated of fitting single batteries instead of double batteries in steam coaches with a view to economy. This change has been demonstrated to be unwise and it has been found necessary to restore the double batteries. This involves expenditure of over 1½ lakhs. On the Great Indian Peninsula Railway there has been a substantial increase in the additional engine miles run on the electrified branch service and this has involved increased consumption of energy (about one lakh) and more repairs than the budget allowed for. Electrical coaches have proved necessary (two lakhs). On the Great Indian Peninsula and the East Indian Railways renewals and repairs to batteries require about 1.10 and on the latter railway repair to headlights and train lighting dynamos represent ¾ lakh. There are other smaller items. Sir, I move.

**Mr. President** (The Honourable Sir Abdur Rahim) . Motion moved.

“That a supplementary sum not exceeding Rs 8,49,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending 31st March 1940, in respect of ‘Working Expenses—Expenses of Electrical Department’.”

**Dr. Sir Ziauddin Ahmad:** Sir, I want a little elucidation as regards item (c) of this particular demand, viz., “Restoration in steam coaches of double batteries in place of single batteries which were tried as an experiment and given up.” Was this single battery system recommended by an expert, and how much money was lost by this experiment?

**Mr. B. M. Staig:** I am afraid I am not an electrical engineer and cannot vouchsafe any information to the House on this matter. But I may say that the attempt to do with single batteries was made in the genuine interest of economy. The result having proved disappointing, double batteries had to be put in.

**Dr. Sir Ziauddin Ahmad:** I know the Honourable Member is not an engineer but we must have at least some kind of memorandum by experts. And we should like to know the amount of loss also.

**Mr. B. M. Staig:** The cost of restoring double batteries has been intimated to me as 1 lakh and 61 thousand.

**Mr. President** (The Honourable Sir Abdur Rahim): The question is—

“That a supplementary sum not exceeding Rs. 8,49,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending 31st March, 1940, in respect of ‘Working Expenses—Expenses of Electrical Department’.”

The motion was adopted.



## DEMAND No. 7—APPROPRIATION TO THE DEPRECIATION FUND.

**Mr. B. M. Staig:** Sir, I move :

"That a supplementary sum not exceeding Rs. 54,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending 31st March, 1940, in respect of 'Appropriation to the Depreciation Fund' "

The amount of appropriation to the Depreciation Fund is calculated at 1/60th of the capital at charge at the end of the previous year. When the budget for the current year (1939-40) was framed, it was estimated that the capital at charge at the end of 1938-39 would amount to 754.65 crores, and that the appropriation to the Depreciation Reserve Fund thereon would be 12.58 crores (in round figures). The actual capital at charge at the end of 1938-39 proved to be 755.12 crores and the amount of appropriation to Depreciation Fund is Rs. 12,58,54,000 or an increase of Rs. 54,000 over the estimated amount. Sir, I move.

**Mr. President** (The Honourable Sir Abdur Rahim) Motion moved

"That a supplementary sum not exceeding Rs. 54,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending 31st March, 1940, in respect of 'Appropriation to the Depreciation Fund' "

**Dr. Sir Ziauddin Ahmad:** I will not discuss the principle of the Depreciation Fund on this motion. As the present rules stand, the Honourable Member is following them and I cannot raise any objection. But these rules are defective and I will raise a discussion on them on a future occasion.

**Mr. President** (The Honourable Sir Abdur Rahim) The question is

"That a supplementary sum not exceeding Rs. 54,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending 31st March, 1940, in respect of 'Appropriation to the Depreciation Fund'."

The motion was adopted.

## DEMAND No. 8—INTEREST CHARGES

**Mr. B. M. Staig:** Sir, I move :

"That a supplementary sum not exceeding Rs. 1,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending 31st March, 1940, in respect of 'Interest Charges' "

The bulk of the expenditure under this head is non-voted, but a small amount required for management of debt (representing charges incurred in England in respect of railway debenture stock and India stock appropriated to specific railway expenditure) is voted. The expenditure under this head is Rs. 1,000 more than in the budget, owing to the conversion of the sterling amount at the average rate of 1s. 5-15/16d. to the rupee against 1s. 6d. adopted for the budget estimate. Sir, I move.

**Mr. President** (The Honourable Sir Abdur Rahim) : Motion moved :

"That a supplementary sum not exceeding Rs. 1,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending 31st March, 1940, in respect of 'Interest Charges'."

**Dr. Sir Ziauddin Ahmad:** Sir, there is one important question on this I presume the money is transmitted through the Reserve Bank. Does the Reserve Bank remit money belonging to the Government to England at the rate of 1*sh.* 6*d.* or at the current rate of exchange? I want to know how they do this; and in this connection I would like to point out that India has got sufficient credit in England at present, on account of the large purchases made from India in connection with the war, and I do not think it is right to pay this rate of exchange at the moment.

**The Honourable Sir Andrew Clow:** Sir, Sir Ziauddin Ahmad has really raised a question which does not concern my department. It is a question of general financial policy and I am afraid I must ask him to table a question addressed to the Finance Member.

**Mr. President** (The Honourable Sir Abdur Rahim): The question is:

"That a supplementary sum not exceeding Rs 1,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending 31st March, 1940, in respect of 'Interest Charges'."

The motion was adopted.

#### DEMAND NO 12—OPEN LINE WORKS

**Mr. B. M. Staig:** Sir, I beg to move.

"That a supplementary sum not exceeding Rs 29,50,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending 31st March, 1940, in respect of 'Open Line Works'."

I have nothing to add to the explanation given in the foot-note in this case. The demand arises because of the precautionary measure we took after the budget was framed, in the light of the grave deterioration in the international situation, to increase our stocks of such stores as are essential to the operation of our railways. Of the total estimated increase of 67 lakhs in the stores balances involved in this measure, we have been able to find 37½ lakhs by reappropriation, but for the balance we require the additional funds represented by this demand. Sir, I move.

**Mr. President** (The Honourable Sir Abdur Rahim). Motion moved.

"That a supplementary sum not exceeding Rs 29,50,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending 31st March, 1940, in respect of 'Open Line Works'."

**Dr. Sir Ziauddin Ahmad:** May I ask whether this amount is intended to be paid out of their own balance or from the general revenue?

**Mr. B. M. Staig:** Sir, it was explained a few days ago in this House by the Honourable Member that the Railway Department does not borrow by raising loans in the open market. All the funds which the Railway Department require are found by the Honourable the Finance Member and the arrangements for raising the money are left entirely in his hands.

**Dr. Sir Ziauddin Ahmad:** That is not my point. Will this amount be paid out of the general revenues of the railways or will he have to float a special loan for this purpose through the Finance Department and the burden of our loans will be increased by this amount and the interest charges will be raised?

**Mr. B. M. Stalg:** So far as I am aware, no special loan is being raised for this purpose.

**Dr. Sir Ziauddin Ahmad:** It will be met from the general revenues?

**Mr. B. M. Stalg:** Yes.

**Mr. President** (The Honourable Sir Abdur Rahim): The question is

“That a supplementary sum not exceeding Rs 29,50,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending 31st March, 1940, in respect of ‘Open Line Works’”

The motion was adopted.

The Assembly then adjourned till Eleven of the Clock on Wednesday, the 28th February, 1940.



## LEGISLATIVE ASSEMBLY.

Wednesday, 28th February, 1940.

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. President (The Honourable Sir Abdur Rahim) in the Chair.

### STARRED QUESTIONS AND ANSWERS.

#### (a) ORAL ANSWERS

#### APPOINTMENT OF CONTROLLERS OR LIAISON OFFICERS FOR INDUSTRIES AND CONCERNS.

**222. \*Mr. Muhammad Nauman:** (a) Will the Honourable the Leader of the House be pleased to state the industries and concerns for which Controllers or *Liaison* Officers have been appointed by the Supply Department of the Government of India?

(b) What are their terms of remuneration? Will the Honourable Member please state the names of the individuals with those terms?

(c) Will Government please state the names of the persons appointed as Controllers or *Liaison* Officers, and enumerate the concerns and industries for which they have been appointed?

(d) What are the powers and duties of officers so appointed? Will Government please state these separately in each case?

**The Honourable Sir Mohammad Zafrullah Khan:** (a) (i) Steel;

(ii) Jute;

(iii) Engineering;

(iv) Leather and Tanning;

(v) Woollen;

(vi) Petroleum;

(vii) Dyes.

(b) The appointments carry no remuneration.

(c) (1) Steel, Mr. J. C. Mahindra, Adviser.

(2) Jute, Mr. P. S. Macdonald, Controller of Purchase.

(3) Engineering, Mr. P. F. S. Warren, Adviser.

(4) Leather and Tanning, Mr. A. C. Inskip, Liaison Officer.

(5) Woollen, Mr. W. R. Watt, Adviser.

(6) Petroleum, Mr. L. C. Buss, Liaison Officer.

(7) Dyes, Mr. A. F. Finlow, Adviser.

(d) Their duties are to advise the Department of Supply on matters connected with the Industry, and to act as Liaison Officers between the Department and individual industrial concerns.

**Mr. Muhammad Nauman:** May I know what were the chief considerations which weighed with the Government in selecting these individuals. Were they based on merits or experience of the individuals, or they were selected as a matter of favour?

**The Honourable Sir Muhammad Zafrullah Khan:** Favour in what respect?

**Mr. Muhammad Nauman:** In selecting the particular individuals?

**The Honourable Sir Muhammad Zafrullah Khan:** If the Honourable Member will wait till the reply to another question, which is down this morning, is given, he will find that the selections and appointments in most of these cases were made after consulting the industries concerned.

**Mr. Muhammad Nauman:** Regarding the leather industry, may I know what were the associations or concerns consulted?

**The Honourable Sir Muhammad Zafrullah Khan:** I am answering a question with regard to that. The Honourable Member had better wait till then.

**Mr. Lalchand Navalrai:** May I know, Sir, if these industries had any controllers before, if not is it on account of the war that control is being exercised, and whether the industries have agreed to such controllers being appointed to control the industries?

**The Honourable Sir Muhammad Zafrullah Khan:** I doubt whether the Honourable Member is himself aware as to what exactly he wants to know. I have not said that these industries are being controlled

**Mr. Lalchand Navalrai:** These officers are called Controllers, and I would like to know what they are going to control, and if they are going to control the various industries, why has this step been taken now and why have these people been appointed as there were no such officers before?

**The Honourable Sir Muhammad Zafrullah Khan:** I have in answer to part (d) of the question said why they have been appointed and what their functions are. None of them is a Controller of any industry. I have not said that they are Controllers of any industries.

**Mr. Lalchand Navalrai:** May I also know if the industries have agreed to the appointments of these Controllers as the Honourable Member said that the industries have been consulted?

**The Honourable Sir Muhammad Zafrullah Khan:** Not only were they consulted, but in most cases they suggested who the particular Liaison Officer or Adviser should be, and I may perhaps try to help the Honourable Member,—I cannot do more,—with regard to the confusion he has fallen into as to control, one of these gentlemen is called the Controller of Purchase, but he does not control the industry.

**Dr. Sir Ziauddin Ahmad:** Who appoints these Controllers, whether the Honourable Member in charge or the Director of the Stores Department?

**The Honourable Sir Muhammad Zafrullah Khan:** Which Controllers?

**Dr. Sir Ziauddin Ahmad:** Who appoints the Controllers?

**The Honourable Sir Muhammad Zafrullah Khan:** Who appoints whom?

**Dr. Sir Ziauddin Ahmad:** Who appoints the Controllers?

**The Honourable Sir Muhammad Zafrullah Khan:** Who appoints whom?

**Dr. Sir Ziauddin Ahmad:** The Liaison Officers and the Controllers mentioned in the reply just given to the House?

**The Honourable Sir Muhammad Zafrullah Khan:** As it has been repeatedly explained to Honourable Members, the arrangements inside the Department as to who exercises particular powers cannot be disclosed and in any case it is no concern of the House.

**Dr. Sir Ziauddin Ahmad:** Do I understand then that the Honourable Member who is supposed to be incharge, but who is not actually in charge of this particular Department, has no responsibility for these appointments?

**The Honourable Sir Muhammad Zafrullah Khan:** I think my last answer was perfectly clear, I said it was no business of the House to find that out

**Dr. Sir Ziauddin Ahmad:** Is it not the business of the House to find out who exercises the power, as to whether it is exercised by the Honourable Member or the Director. . . ?

**The Honourable Sir Muhammad Zafrullah Khan:** It is no business of the Honourable Member I am here to answer questions with regard to the Department. That is all that the Honourable Member need know.

**Dr. Sir Ziauddin Ahmad:** And also for its efficiency May I understand what you mean?

**The Honourable Sir Muhammad Zafrullah Khan:** I cannot give the Honourable Member an understanding; that is beyond my powers.

#### APPOINTMENT OF CONTROLLERS OR LIAISON OFFICERS FOR INDUSTRIES AND CONCERNS.

**223. \*Mr. Muhammad Nauman:** (a) Will the Honourable the Leader of the House be pleased to state whether the industries for which Controllers or Liaison Officers are appointed were consulted?

(b) If the answer to part (a) be in the affirmative, will Government please state in detail the method adopted by the Supply Department for such consultation?

(c) Were the Commercial organisations, like the different Chambers of Commerce, consulted for the purpose? If not, why not?

(d) If the reply to part (c) be in the affirmative, will Government please state the details together with the names of such commercial organisations?

**The Honourable Sir Muhammad Zafrullah Khan:** (a) Yes, except in the case of the petroleum and dyes industries, where the offers of the Burmah Shell and Imperial Chemical Industries to make officers available for the purpose have been accepted. In these two cases, owing to the predominant share of these companies in the industry, it was considered that they alone were in a position to render the assistance required.

(b) The appointments were made after consultation with, and with the unanimous approval of, representative meetings of the principal firms engaged in the industry.

(c) and (d). In the case of industries which have organised associations the appointments have the approval of these associations. It has been considered more satisfactory to proceed in consultation with the particular industry whose interests were involved rather than with the more general associations such as Chambers of Commerce.

**Dr. Sir Ziauddin Ahmad:** With regard to all these appointments of Controllers and Liaison Officers, with the exception of the iron and steel industry which is entirely in the hands of Indians, how many of these officers are Indians?

**The Honourable Sir Muhammad Zafrullah Khan:** I have read out the names of the Liaison Officers, Advisers and Controllers.

**Dr. Sir Ziauddin Ahmad:** Did he notice how many of them were Indian? Even hide and skin given to non-Indian

(No reply)

#### APPOINTMENT OF CONTROLLERS OR LIAISON OFFICERS FOR INDUSTRIES AND CONCERNS.

**224. \*Mr. Muhammad Nauman:** (a) Will the Honourable the Leader of the House be pleased to state the commodities for which "Controllers" have been appointed by the Supply Department?

(b) What is the total number of Controllers and Liaisons so appointed and what are their names and designations?

(c) For what other commodities do Government propose to appoint Controllers before April 1940?

**The Honourable Sir Muhammad Zafrullah Khan:** (a) and (b). The Honourable Member is referred to the answer just given to his question No. 222.

(c) Further controllers or advisers will be appointed as need arises, but Government are not in a position to say with regard to which particular commodities the need will arise by a particular date.

**Dr. Sir Ziauddin Ahmad:** For certain industries the Honourable Member has used the word "Controller", and for certain others he has used the word "Liaison Officer"; may I know what is the difference between the two?



**The Honourable Sir Muhammad Zafrullah Khan:** Obviously a Controller of Purchase is a person who controls the purchase of a commodity, while a Liaison Officer merely advises the Department and acts as a liaison between the Department and the particular industry or industries concerned.

**Dr. Sir Ziauddin Ahmad:** Then the Liaison Officer must be a person who must be on intimate terms with the Director? . . .

**Mr. President** (The Honourable Sir Abdur Rahim). The Honourable Member can draw his own conclusion.

**Dr. Sir Ziauddin Ahmad:** Has the Honourable Member noticed that in one industry there is a Controller of Industry, while in the other there is a Liaison Officer. . .

**Mr. Muhammad Nauman:** In explaining the method adopted to find out the names of the particular individuals appointed for these posts, the Honourable Member has told us which industries were consulted, but he has not told us which associations or firms were consulted with regard to leather and skin industry.

**The Honourable Sir Muhammad Zafrullah Khan:** If you will permit me, Sir, I can read out the names of the firms consulted. . . .

**Mr. President** (The Honourable Sir Abdur Rahim): Is it a long list?

**The Honourable Sir Muhammad Zafrullah Khan:** It is two typed pages.

**Mr. President** (The Honourable Sir Abdur Rahim): Then it can be laid on the table.

**Mr. Muhammad Nauman:** What were the considerations that weighed with the Government in selecting this particular officer to look after the interests of the leather and skin industry?

**The Honourable Sir Muhammad Zafrullah Khan:** I have explained that the appointments or selections were made, except in the two cases specifically referred to, after consultation with the firms concerned, and every one of these appointments was made on the unanimous recommendation of the firms concerned.

**Mr. Muhammad Nauman:** Then most of the firms recommended Europeans?

**The Honourable Sir Muhammad Zafrullah Khan:** I cannot answer for the firms.

**Mr. Muhammad Nauman:** That depends upon what importance the Honourable Member attached to particular firms.

**Dr. Sir Ziauddin Ahmad:** Did not the Department of Commerce in the Government of India know very well who are the best firms in hides and skins, but in spite of their knowledge they did not take the man who has got the highest position and experience in that, but they selected another person simply because he was a European?

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member is not asking a question.

**The Honourable Sir Muhammad Zafrullah Khan:** The gentleman to whom the Honourable Member refers approached me in the matter and I told him that if the industry concerned could make an alternative recommendation on which they were agreed, I would pay every attention to that recommendation and he confessed that they could not agree among themselves.

**Dr. Sir Ziauddin Ahmad:** This is the best way of evading the question --that is what the British Government are already doing: "You agree among yourselves, and we shall give you Dominion Status tomorrow."

**The Honourable Sir Muhammad Zafrullah Khan:** If you cannot agree, what is to be done?

**Dr. Sir Ziauddin Ahmad:** *Status quo*

**Mr. President** (The Honourable Sir Abdur Rahim): Next question

#### TREATMENT OF MUSLIM EMPLOYEES IN THE DEPARTMENT OF EDUCATION, HEALTH AND LANDS AND ITS ATTACHED OFFICES.

**225. \*Maulvi Muhammad Abdul Ghani:** (a) Will the Secretary for Education, Health and Lands kindly state whether the Muslim Rights Protection Board and a deputation of the Muslim League Party submitted representations last year regarding treatment to Muslim employees in the Department of Education, Health and Lands and its attached offices?

(b) Will he kindly lay on the table copies of those representations and of correspondence on the subject with the Board?

**Sir Girja Shankar Bajpai:** I would invite the Honourable Member's attention to the reply I gave to Mr. M. Ghiasuddin's starred question No. 968 on March 10, 1939. The Honourable Member in charge of Education, Health and Lands, received a deputation of some Muslim Members of the Assembly on 10th November, 1938, and a copy of the letter addressed by the Department to the President, Muslims' Rights Protection Board, is placed on the table of the House.

No. D. 873/39-G.  
GOVERNMENT OF INDIA

Department of Education, Health and Lands.

New Delhi, the 19th April, 1939.

From

G. S. Bozman, Esquire, C.I.E., I.C.S.,  
Deputy Secretary to the Government of India,

To

Khan Bahadur Haji Rahim Baksh,  
President,  
Muslims' Rights Protection Board.

Sir,

I am directed to refer to your letter No. 55, dated the 8th March, 1939, addressed to the Private Secretary to His Excellency the Viceroy. I am directed to state that this Department is satisfied of the correctness of the statements in the Private Secretary's D. O. letter No. 902-G G (C), dated 8th/9th December, 1938, addressed to you. If, however, your Board desires to make further representations, the Secretary in this Department will be ready to meet one or two representatives for personal discussion.

I have the honour to be,

Sir

Your most obedient servant,

G. S. BOZMAN,  
Deputy Secretary.

**Dr. Sir Ziauddin Ahmad:** The Honourable Member knows that a deputation of some Muslim Members of the Legislature waited on him and the Honourable Member in charge and presented their grievances and they said they would look into the matter, and a year has passed and we have got no reply.

**Sir Girja Shankar Bajpai:** The position with regard to that is that the Members said that they would ask for another opportunity for a discussion, and, as far as I know, such an opportunity has not been asked for. The grievances which Honourable Members brought to the notice of the Honourable Member in charge of the Department of Education, Health and Lands were those set out in the letter of the Muslims' Rights Protection Board and the Muslims' Rights Protection Board's letter has been answered.

**Dr. Sir Ziauddin Ahmad:** The Honourable Member said that we had asked for another opportunity and we never wrote about it. I telephoned several times and I wrote to him several times, but there was no reply.

**Sir Girja Shankar Bajpai:** I am surprised that the Honourable Member suggests that he telephoned several times and wrote several times; I can assure him that there is not one single letter on record in my office.

**MUSLIMS IN THE DEPARTMENT OF EDUCATION, HEALTH AND LANDS AND ITS ATTACHED OFFICES.**

**226. \*Maulvi Muhammad Abdul Ghani:** (a) Will the Secretary for Education, Health and Lands kindly state how many officers, including administrative officers, there are in the Department of Education, Health and Lands and its attached offices at headquarters, and how many of them are Muslims, figures for each office to be given separately?

(b) What is the number of permanent Superintendents in that Department and attached offices, separately, and how many of them are Muslims?

(c) How many posts are there in the same group of departments carrying special pays, and how many of them are held by Muslims?

(d) How many appointments were made in each of these categories, *viz.*, officers, administrative officers, superintendents and posts carrying special pay, during the last two years and how many of them were filled by Muslims (figures for each office to be given separately)?

**Sir Girja Shankar Bajpai:** A statement containing the information is placed on the table.

Statement showing the (i) No. of Officers and Superintendents, (ii) No. of posts carrying special pay and (iii) No. of appointments made during 1938 and 1939 in each of these categories, in the Department of Education, Health and Lands and its attached offices.

	No. of officers employed.		No. of permanent Supdts.		No. of posts carrying special pay.				No. of appointments made during the years 1938 and 1939 in each of the categories mentioned in columns 2, 3 & 4.					
	2		3		4				5					
	Total No	Muslims.	Total No.	Muslims.	Stenographers.	Muslims.	Asses. or clerks.	Muslims.	Officers.	Supdts.	Posts carrying spl. pay.		Asses. or clerks.	
Department of Education, Health and Lands.	8	..	7	1	3	..	2	..	6	Total.	Muslims.	Total.	Muslims.	Total.
	8	..	2	..	..	..	4	2	8	..	1	..	..	1
	3	..	1	..	1	..	1	1	..	..	1	..	..	1
	6	..	3	1	1	..	3	1	3	..	1	..	..	..
Office of the Director General, Indian Medical Service.														
Office of the Director General of Archaeology in India.														
Imperial Council of Agricultural Research.														

\*A Muslim has been selected for one of the posts of Superintendent and will join shortly.

**Mr. Muhammad Nauman:** May I know at least the figures? What are the exact figures of the number of Muslims?

**Sir Girja Shankar Bajpai:** If my Honourable friend will look at the question, he will find that six departments are dealt with. All the figures are there, I cannot carry them in my head.

PERSONS PROMOTED FROM LOWER TO FIRST DIVISION IN THE DEPARTMENT OF  
EDUCATION, HEALTH AND LANDS.

**227. \*Maulvi Muhammad Abdul Ghani:** Will the Secretary for Education, Health and Lands kindly state how many men were given departmental promotion from lower division to First Division in the office of the Education, Health and Lands during the last five years, and how many of them were Muslims?

**Sir Girja Shankar Bajpai:** Three, none of whom was a Muslim.

APPOINTMENT OF CONTROLLERS OR LIAISON OFFICERS FOR INDUSTRIES AND  
CONCERNS.

**228. \*Sardar Sant Singh:** (a) Will the Honourable the Leader of the House kindly state for which industries and trades, Liaison Officers or/and Controllers of purchases, or/and Controllers, have been appointed for the Supply Department giving the community they belong to, the conditions of the appointment of each of them, the trades, or concerns or industries with reference to which each of them has been appointed, and the duties which each of them has been assigned, and the power each of them exercises?

(b) Is it a fact that the Federation of Indian Chambers of Commerce lodged a strong protest against the appointment of Europeans alone as such Officers or Controllers?

(c) Is it a fact that an assurance was held out that each trade or industry or concern will be fully consulted before such appointments, and such officers will be chosen in accordance with the wishes of the industry, trade or concern interested? If so, will the Honourable Member please state with reference to each Controller, Liaison Officer and Controller of purchases, as to which industry, trade or concern interested (giving the names of the firms, business companies, etc.) were consulted, the method of consultation adopted, the names of the firms, etc., to whom invitations were issued in case the method adopted was that of a conference and the names of the firms, concerns, etc., which were represented at such a conference?

**The Honourable Sir Muhammad Zafrullah Khan:** (a) The Honourable Member is referred to the reply I have just given to Mr. Muhammad Nauman's starred question No. 222.

(b) No such protest has been received by Government.

(c) Does not arise.

**Sardar Sant Singh:** May I know what are the conditions of the appointment of each of these officers? I do not think it was referred to in question No. 222.

**The Honourable Sir Muhammad Zafrullah Khan:** I said no remuneration was being paid to them.

**Sardar Sant Singh:** I am asking about the conditions of the appointment of each of these,—what are they to do, how are they to do, when are they to do, and what are the duties assigned to them?

**The Honourable Sir Muhammad Zafrullah Khan:** They are to advise the Department of Supply with regard to matters that I mentioned in answer to part (d) of question No. 222. They are to do it all the time, they are to do it to the best of their capacity, and they are to do it in the manner that seems best to them.

**Sardar Sant Singh:** Is it a fact that these European liaison officers and Controllers of Purchase are doing the same business for which they are appointed, and thus, their preference to such appointments lead to their monopolisation of the business to themselves at the cost of other dealers in the same commodities?

**The Honourable Sir Muhammad Zafrullah Khan:** The answer to the first part of the question is, obviously only those people can advise the Department who have got some experience of the matter, and as regards the second part, I think it is an unfounded insinuation.

**Sardar Sant Singh:** May I know if it is a fact that some contracts have been given to those very firms which are under these officers who have been appointed, for the supply of those goods?

**The Honourable Sir Muhammad Zafrullah Khan:** Now, the Controller of Purchase in the case of jute, for instance, is the Chairman of the Jute Millowners' Association. Obviously the contracts have got to go to the owners of jute mills. Whom else should they go to?

**Sardar Sant Singh:** May I know if they control the purchase, is it the intention?

**The Honourable Sir Muhammad Zafrullah Khan:** Yes.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member cannot go into all those questions over again. Next question.

#### APPOINTMENT OF CONTROLLERS OR LIAISON OFFICERS FOR INDUSTRIES AND CONCERNS.

**229. \*Sardar Sant Singh:** (a) Will the Honourable the Leader of the House please state if it is a fact that Liaison Officers for (i) leather, (ii) hide and skins, (iii) wools, and (iv) heavy chemicals, have been appointed? If so, are they all Europeans? If so, what are their qualifications and the emoluments given to each?

(b) Which are the firms which were consulted before the appointment of these Liaison Officers?

**The Honourable Sir Muhammad Zafrullah Khan:** (a) and (b). The Honourable Member is referred to the answers just given to his starred question No 228 and to Mr. Muhammad Nauman's starred question No. 222.

**Sardar Sant Singh:** As regards emoluments given to them, does the Honourable Member mean, when he says that no emoluments are given, that no emoluments in the form of commission are given and that no profit either directly or indirectly is made by them out of this job?

**The Honourable Sir Muhammad Zafrullah Khan:** No emoluments by way of salaries or commissions are given to these gentlemen for performance of their duties as advisers, liaison officers or controllers.

**Dr. Sir Ziauddin Ahmad:** Have Government assured themselves that these Liaison Officers do not get commission from those persons among whom they distribute these orders?

**The Honourable Sir Muhammad Zafrullah Khan:** Orders are placed by the Department itself.

**Dr. Sir Ziauddin Ahmad:** And not on the recommendation of the Liaison Officer?

**The Honourable Sir Muhammad Zafrullah Khan:** In the case of Controller of Purchase, I believe some arrangement is arrived at satisfactory to the industry itself. In other cases, orders are placed by the Department.

**Dr. Sir Ziauddin Ahmad:** The Honourable Member did not reply to my question. Do these Liaison Officers get some kind of fee or commission for recommending certain individuals of their own trade from whom purchases should be made?

**The Honourable Sir Muhammad Zafrullah Khan:** I should be considerably surprised if that were so.

**Dr. Sir Ziauddin Ahmad:** A vicious circle is being created. The Director creates persons whom he knows best, the liaison creates individuals whom he knows best, and naturally the honest men are left out.

**The Honourable Sir Muhammad Zafrullah Khan:** They create nobody. I have been at pains to explain that these people have been appointed on the unanimous recommendation of the firms carrying on the particular kind of business with whom they have to deal, and obviously, if Government were not to accept those recommendations, what else were they to do? The appointments are satisfactory to the firms, they may not be satisfactory to Honourable Members.

**Dr. Sir Ziauddin Ahmad:** Were those Liaison Officers not in hides and skins, but in other industries, appointed on the unanimous recommendation of the industry?

**The Honourable Sir Muhammad Zafrullah Khan:** I offered to read out the names of the firms.



**PROVISION OF A TAP FOR UNFILTERED WATER IN ORTHODOX QUARTERS IN NEW DELHI.**

**230. \*Bhai Parma Nand:** (a) Is the Honourable Member for Labour aware that taps are provided for unfiltered water in the compounds of all the bungalows and unorthodox quarters in New Delhi?

(b) Is he also aware that such water is used, free of cost, for gardening and other requirements of the respective bungalows and quarters?

(c) Is he further aware that on the location of the Government of India Secretariat in Delhi permanently, Government have decided to supply *khaskhas* tattis in all the bungalows and quarters in Delhi?

(d) Is he further aware that without a provision of a tap for a similar kind of water in orthodox quarters (A, B, C, D, and E type) the staff residing in such type of quarters would be burdened with additional expenditure on account of using filtered water for *khaskhas* tattis and gardens, etc., in making their quarters comfortable for summer residence?

(e) Is he further aware that if such a waste of filtered water for these purposes is not prohibited, Government will have to undergo a heavy expense to cope with the excess demand?

(f) Is he also aware that the Secretariat staff has by their location in Delhi been deprived of many allowances and facilities and that the burden of the additional expenditure on account of excess water would be too much?

(g) Is he prepared to consider the desirability of providing a tap for unfiltered water in all the orthodox quarters at an early date?

(h) If not, why are the tenants of orthodox quarters being treated differently?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** (a) to (c). Yes.

(d) to (h) I am considering the desirability of providing a tap for unfiltered water in these quarters.

**Pandit Krishna Kant Malaviya:** Is the Honourable Member aware that the taps in the unorthodox quarters are generally to be found in hedges which serve the purpose of partition between two bungalows or compounds and are not of much use to the residents of the quarters?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** I regret that my knowledge does not extend so far.

**Pandit Krishna Kant Malaviya:** Will he kindly make enquiries?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** If representations are made by those who are concerned I shall look into the matter.

**Mr. Lalchand Navalrai:** May I know from the Honourable Member if he proposes to supply these taps to those bungalows which have not got them?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** I said that I am considering the desirability of that. I cannot put it higher than that before a decision is taken.

**Mr. Lalchand Navalrai:** Will the Honourable Member consider that those that have not got a tap are paying for the water, they are expending over it, and some allowance should be given for that.

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** I am afraid the Honourable Member has misunderstood the position. Every house has got a tap. We are now speaking of taps with unfiltered water for garden and other purposes. I said I shall look into the question and see how far that defect can be remedied.

**Mr. Lalchand Navalrai:** I am referring to clause (f) of the question where additional expenditure is being spent. I ask why should not that be given to them in some form?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** There is no question of additional expenditure at all.

**AUTHORISATION OF AN OFFICER OF THE SUPPLY DEPARTMENT TO RECOMMEND CANDIDATES FOR ADDITIONAL WAR ESTABLISHMENTS OF INDIAN STORES DEPARTMENT AND CONTRACTS DIRECTORATE.**

**231. \*Maulvi Muhammad Abdul Ghani:** (a) Will the Honourable the Leader of the House be pleased to state if any officer of the Supply Department was authorised to recommend candidates for the additional war time establishments of Indian Stores Department and Contracts Directorate?

(b) How many of the candidates are Muslims?

**The Honourable Sir Muhammad Zafrullah Khan:** (a) No.

(b) The Honourable Member is referred to the statement laid on the table of this House in reply to Mr. H. M. Abdullah's starred question No. 172 on the 24th February, 1940.

**Maulvi Muhammad Abdul Ghani:** May I know how the recruitment has been made up to now?

**The Honourable Sir Muhammad Zafrullah Khan:** Recruitment has been made by the Department.

**Maulvi Muhammad Abdul Ghani:** I want to know whether in making the recruitment any particular officer has been authorised or not?

**The Honourable Sir Muhammad Zafrullah Khan:** I cannot obviously answer that question. Some officer must have been authorised.

**Maulvi Muhammad Abdul Ghani:** May I know whether any protest has been made to that particular officer who makes the recruitment.

**The Honourable Sir Muhammad Zafrullah Khan:** The first part of the question was whether any officer of the Supply Department was authorised to recommend candidates for the additional war time establishments of the Indian Stores Department and the Contracts Directorate. The answer was "No". They made their own arrangements.

**Maulvi Muhammad Abdul Ghani:** May I know whether any instruction was issued to that officer to give effect to the Resolution of the Government of India of 1934 regarding the representation of various communities?

**The Honourable Sir Muhammad Zafrullah Khan:** I have answered that before, and I believe, later on, on some other day, there is another question by the same Honourable Member to that effect, Why try to anticipate the reply?

**LUMP SUM GRANTED FOR OFFICE ESTABLISHMENT AND CONTINGENCIES TO THE ADVISERS AND LIAISON OFFICERS IN THE SUPPLY DEPARTMENT.**

**232. \*Maulvi Muhammad Abdul Ghani:** Will the Honourable the Leader of the House kindly state if the Advisers and Liaison Officers in the Supply Department are granted a lump sum of Rs. 1,000 for their office establishment and contingencies?

**The Honourable Sir Muhammad Zafrullah Khan:** There is no fixed allowance for the office establishment and contingencies of Advisers and Liaison Officers. The allowances are fixed in each case by the Supply Department in consultation with the Finance Department on a consideration of the needs in each case.

**Dr. Sir Ziauddin Ahmad:** If it is proved to the Government that these Liaison Officers receive a fee or commission, will they dismiss these Liaison Officers?

**The Honourable Sir Muhammad Zafrullah Khan:** If it is proved to the satisfaction of Government that any particular officer or any other person connected with Government is taking bribes, no doubt they will take appropriate action.

**Sardar Sant Singh:** May I know if it is a fact that some lump sum has been fixed for these officers in respect of establishment charges and contingencies?

**The Honourable Sir Muhammad Zafrullah Khan:** That is exactly what I have answered. There is no fixed allowance for the office establishment and contingencies of Advisers and Liaison Officers. The allowances are fixed in each case by the Supply Department in consultation with the Finance Department on a consideration of the needs in each case.

**Maulvi Muhammad Abdul Ghani:** May I know whether any instruction has been issued to the Liaison Officers to appoint persons from various communities?

**The Honourable Sir Muhammad Zafrullah Khan:** The Liaison Officers are expected to make their own arrangements.

**Mr. President** (The Honourable Sir Abdur Rahim): The next three questions and their answers will be laid on the table, as they are in excess of the Honourable Member's quota.

**EMPLOYMENT OF SECRETARIAT ASSISTANTS ON ROUTINE WORK IN THE SUPPLY DEPARTMENT.**

**233. \*Maulvi Muhammad Abdul Ghani:** Will the Honourable the Leader of the House be pleased to enquire into the employment of Secretariat Assistants on purely routine work in the Department of Supply, like the

preparation of pay bills, handling of cash, routine correspondence and other routine work? If so, why has the Secretariat procedure of using clerks for this kind of work not been followed in this Department?

**The Honourable Sir Muhammad Zafrullah Khan:** There is no such general practice in the Supply Department as the Honourable Member's question suggests. But the post of cashier, which is ordinarily filled in other departments by a second division clerk, is at present held by an Assistant who was taken over from the Defence Co-ordination Department in the same capacity. It will be recognised that the starting of a new branch in a new organisation requires somewhat different qualification to the carrying out of the routine duties of an existing branch. It is the intention to hand over the work of the cashier to a routine clerk at an early date.

#### STAFF RECRUITED IN THE SUPPLY DEPARTMENT.

**234. \*Maulvi Muhammad Abdul Ghani:** Will the Honourable the Leader of the House be pleased to state:

- (a) the number of total staff recruited in the Supply Department under various categories since August 1939;
- (b) the number taken from other offices; and
- (c) the number recruited directly with special qualifications warranting their admittance?

**The Honourable Sir Muhammad Zafrullah Khan:** (a), (b) and (c). I lay on the table a statement giving the information called for

*Statement showing the number of total staff recruited in the Supply Department since August, 1939, the number taken from other offices, and the number recruited direct.*

— —	Staff taken from other offices.	Directly recruited.	Total.
Officers.	18	7	25
Superintendents.	2	1	3
Assistants.	23	4	27
Stenographers.	7	5	12
Second Division Clerks	4	2	6
Routine Division Clerks.	25	14	39
Timber Inspectors.	1	1	2
Inferior Staff.	18	38	56

**NOTE.**—All the officers directly recruited have special qualifications for the work for which they were recruited. The other grades of the establishment have the qualifications usually required for the grades in which they are serving.

## STAFF RECRUITED IN THE SUPPLY DEPARTMENT.

**235. \*Maulvi Muhammad Abdul Ghani:** Will the Honourable the Leader of the House please state how far the following facts and figures about the Supply Department are correct :

(a) recruitment after 1st October, 1939, to 31st January, 1940.

	Total.	Non-Muslims.	Muslims.
Assistants-in-charge . . . . .	1	1	..
Assistants . . . . .	10	9	1
Stenographers . . . . .	4	3	1
Clerks, Second Division . . . . .	6	4	2
Clerks, Third Division . . . . .	19	16	3

Muslims Nil;

(c) four out of the five candidates passed a test in shorthand in Simla and were promoted to First Division and the fifth who failed was posted to work with the Secretary and granted Rs 50 as allowance; and

(d) there are three posts of stenographers carrying allowance and none of them is held by a Muslim?

**The Honourable Sir Muhammad Zafrullah Khan:** The facts are:

(a) Recruitment after the 1st October, 1939, to 31st January, 1940.

	Total.	Non-Muslims.	Muslims.
Assistants-in-charge . . . . .	1	1	..
Assistants . . . . .	8	7	1
Stenographers . . . . .	5	3	2
Second Division Clerks . . . . .	7	5*	2
Routine Division Clerks . . . . .	20	17	3

\* One since discharged.

(b) Four, of which none is a Muslim.

(c) Four persons were tested. The successful candidate was subsequently attached to Secretary with the usual allowance of Rs. 50 granted to stenographers filling these appointments. Two of the other three have since been appointed to the first Division.

(d) There are only two posts of stenographers carrying allowances, viz., Personal Assistant to Director General of Supply and stenographer to Secretary. The present incumbents are non-Muslims.

# HAJ PILGRIMS CARRIED IN "RIZWANI" OF THE TURNER MORRISON AND COMPANY.

**236. \*Khan Bahadur Shaikh Fazl-i-Haq Piracha:** (a) Will the Secretary for Education, Health and Lands please state the capacity of the pilgrim ship "Rizwani" of the Turner Morrison and Company for carrying pilgrims of each class?

(b) How many passengers were carried in each class by the pilgrim ship on her voyage to Jeddah when she left Karachi on or about the 5th January last? How many of them were ladies, and how many were children of underage who were exempt from paying fares?

(c) Is it a fact that the pilgrim ship carried about 153 deck passengers over and above the allowed number? Is it a fact that a great inconvenience and trouble was caused to the pilgrims thereby, and that the pilgrim ship became very stuffy and unhealthy?

(d) Is it a fact that Government granted permission to the Company to carry more than the allowed number of passengers? If so, why was this done so, and if no permission was sought and granted, what action do Government propose to take against the Company for breach of rules?

**Sir Girja Shankar Bajpai:** (a) and (b) A statement is laid on the table

(c) She carried 153 deck passengers in excess of the number of such passengers allowed by her certificate. Government realise that the deck passengers may have suffered a certain amount of inconvenience

(d) Government agreed to allow the "Rizwani", which was the last ship of the season, to carry passengers from Karachi in excess of the normal complement in order to provide accommodation for a number of unexpected pilgrims who arrived late at that port and for whom no other ship could then be made available in time to enable them to perform the Haj. I would add that the Chairman of the Karachi Port Haj Committee requested Government that excess upto ten per cent of the ship's normal capacity should be allowed. Actually the number allowed was below this figure

## Statement.

(a) The s. s. "Rizwani" is certified to carry 1,446 pilgrims as follows:

1st class	..	34
2nd class	..	Nil
Deck class	..	1,412

(b)	Class	Males	Females	Total
	1st	11	11	22
	Deck	1,321	244	1,565
		1,332	255	1,587

The total number included 33 infants who were exempted from payment of the steamer fare

**Mr. Muhammad Nauman:** May I know why Messrs. Turner Morrison and Co. put the "Rizwani" on dock for two days?

**Sir Girja Shankar Bajpai:** The "Rizwani" was the last ship to sail for the Haj from Karachi.

#### SHORTAGE OF STEAMERS FOR HAJ PILGRIMS.

**237. \*Khan Bahadur Shaikh Fazl-i-Haq Piracha:** Will the Education Secretary please state whether it is a fact that all the intending pilgrims could not go to Haj, as steamers were not available on pilgrim ports of Karachi and Bombay, and no arrangements were made?

**Sir Girja Shankar Bajpai:** Government are not aware that any intending pilgrim who had the necessary funds was unable to perform the pilgrimage owing to lack of accommodation.

**Mr. Muhammad Nauman:** Is it not a fact that intending pilgrims from Baroda and other places wrote to Turner Morrison and Co. and probably sent copies to the Government of India in that connection that they could not get accommodation because of no publication by Turner Morrison?

**Sir Girja Shankar Bajpai:** I do not know what my friend means by 'publication by Turner Morrison'. Messrs Turner Morrison advertised the ships in the ordinary way this year as they had done in previous years. As regards the first part of the question, I would like to explain that actually the first four ships sailed from Bombay and Karachi, one after the other as it were, with a complement less than the maximum that they were authorised to carry and the last ship sailed with a complement in excess, which means that if there was any excess, that was carried by the last ship. Nobody could have been left behind.

**Mr. Lalchand Navalrai:** May I know what is meant by the usual way of advertising?

**Sir Girja Shankar Bajpai:** I should like to ask my friend to address the question to somebody who is an expert in advertising.

**Mr. Lalchand Navalrai:** The Honourable Member said that they did it always.

**Sir Girja Shankar Bajpai:** I was referring to the practice—not the manner of that practice.

**Mr. Lalchand Navalrai:** What is that practice then?

**Sir Girja Shankar Bajpai:** To advertise

**Mr. Lalchand Navalrai:** Advertisement in the papers or in any other way? The Honourable Member knows how.

**Sir Girja Shankar Bajpai:** If the Honourable Member wants details of that, I shall get him the information if he will put down a question.

**Dr. Sir Ziauddin Ahmad:** In refusing the request of the Scindia Company, did the Government consider the inconvenience which will be caused to the Haj pilgrims by giving a monopoly?

**Sir Girja Shankar Bajpai:** We refused no request from the Scindia Co. It was the Scindia Co which refused to carry the pilgrims on the terms proposed by Government

**Maulana Zafar Ali Khan:** Is it a fact that the difficulties experienced by these pilgrims were due to the fact that there was only one company in the field, Turner Morrison and Co. and discrimination was made against the Scindia Steam Navigation Co.

**Sir Girja Shankar Bajpai:** In so far as the question of discrimination between the companies is concerned, that question has been asked before and I submit that that does not arise out of this. As regards the question as to whether inconvenience was caused by reason of insufficiency of accommodation, I would recall to my Honourable friend what I said to Mr. Nauman just now, that the first four ships sailed without their usual complement of pilgrims.

**APPOINTMENT OF MESSRS. FERGUSON AND COMPANY AS THE MANAGERS OF THE ALLIANZ UND STUTTGARTER LIFE BANK.**

**238. \*Bhai Parma Nand:** (a) Will the Honourable the Commerce Member please refer to the Press Note, dated the 22nd November, 1939, in which the appointment of Messrs Ferguson and Company, Chartered Accountants, Bombay, as the Managers for British India, of the "Allianz und Stuttgarter Life Bank" was announced and state the criterion which determined this appointment?

(b) Will Government state if other parties also volunteered their services for the management of this Company?

(c) Why was it not considered desirable to hand over the management of this Company to an Insurance Office?

(d) Will Government disclose the remuneration that has been allowed to the present Managers?

(e) Is it a fact that the remuneration has been fixed at 15 per cent of the premium collection, or Rs. 4,000 per month whichever be the greater?

(f) Does this stipulation include administration expenses or they are exclusive of the same?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:**

(a) Messrs A F Ferguson and Company have been selected as Managers for the Allianz und Stuttgarter Life Insurance Bank, Limited, because they are a leading firm of commercial accountants and auditors readily available in Delhi and are considered suitable for this type of work

(b) The reply is in the affirmative.

(c) The policy of the Government is to vest the property of enemy firms in the Custodian for the purposes, first, of preventing benefits accruing to the enemy and, secondly, of preserving the property pending a post-war settlement. It was felt that the second object would be best served by entrusting the management of the business to a firm which was not a business rival.

(d) The matter is still under the consideration of Government.

(e) and (f). The questions do not arise, in view of the reply I have given to part (d).



**Mr. Muhammad Nauman:** May I know in this connection whether the remuneration that has been offered is more than 10 per cent and other firms offered to work for 2 per cent and other chartered accountants are charging only 2 per cent?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** None of the first two premises of the Honourable Member is correct. They have not been given any remuneration so far. No remuneration has been fixed. The matter is under consideration and no firm has offered to work at the particular percentage that the Honourable Member has named.

#### ADVISORY COMMITTEE FOR CONTROLLING THE ALLIANZ UND STUTTGARTER LIFE BANK.

**239. \*Bhai Parma Nand:** (a) Will the Honourable the Commerce Member please refer to the Government Press Note announcing the personnel of the Advisory Committee which controls the management of "Allianz" through Messrs Ferguson and Company, and state if he proposes to consider the nomination of a policyholder of the Company to this Board which consists of officials only?

(b) Have Government seen the circular letter, dated the 23rd December, 1939, which issued from the Head Office of the "Allianz" to its policyholders?

(c) Is it a fact that this Circular was issued after it had been approved by the said Advisory Board?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** (a) The question has already been considered by Government but they have not considered it necessary to nominate a policyholder to the Board.

(b) Yes.

(c) The circular was approved by Government before issue.

#### ECONOMY IN THE ADMINISTRATION AND STAFF OF THE ALLIANZ UND STUTTGARTER LIFE BANK.

**240. \*Bhai Parma Nand:** (a) Will the Honourable the Commerce Member please state what steps Government have taken to effect economy in the administration of the "Allianz" Company?

(b) What will be the fate of the With-Profit policies of this Company?

(c) Is it a fact that all appointments to the staff of the Company have been made afresh the previous contracts having been considered as automatically cancelled by the outbreak of War?

(d) Is it a fact that the Provident Fund of the Company existing for the sole benefit of its employees stands dissolved?

(e) Is it a fact that a large number of Head Office employees of the Company submitted a formal application early in December, 1939, for the dissolution of the Provident Fund and prayed for early disbursement of the dues?

(f) Is it a fact that instead of declaring the Provident Fund as dissolved, further contributions have been made towards it for the benefit of the present staff?

(g) Are Government aware of extreme hardship to which the *ex*-employees of this Company have been put to on account of their dues against the Provident Fund not having been paid, although in most of the cases, they lost their jobs on the 30th November, 1939?

(h) Are Government prepared to consider that facilities are afforded to these *ex*-employees in seeking jobs elsewhere?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:**

(a) As a result of the decision that new contracts may not be undertaken, it has been found possible to effect appreciable economies by reducing staff and by closure of certain branch offices

(b) Government are unable as yet to forecast the prospects of the With-Profit policyholders.

(c) Yes

(d), (f) and (g) Due to certain legal difficulties the questions connected with the present position and the future administration of the Provident Fund of the Company are under the consideration of Government. Every effort will be made to reach an equitable decision as soon as possible.

(e) An application was received, bearing the signatures of seventeen persons.

(h) The general question of doing what is possible to help *ex*-employees of enemy firms to find employment is being dealt with by the Defence Co-ordination Department.

## RESOLUTION *RE* CONSTITUTION OF THE SIMLA TOWN AS A CENTRALLY ADMINISTERED AREA

**Bhai Parma Nand** (West Punjab: Non-Muhammadan). Sir, I move:

"That this Assembly recommends to the Governor General in Council that he may be pleased to get Simla town transferred from the Punjab Government to the Government of India and constitute it as a centrally administered area."

Sir, I have to lay before you my grounds for asking this House to accept my Resolution. First of all, this town of Simla was discovered in the beginning of the last century by one British political officer, Major Kennedy, and since that time it has become a hill station for the Government of India. The Viceroy along with his retinue came all the way from Calcutta to Simla.

Simla has another peculiar circumstance attached to it and that is that when Nepalese forces invaded these hills and took possession of a great part, they wanted to dispose of the whole area only on an offer of Rs. 20,000 as compensation for their expenditure on that invasion. It was some treasurer of the Patiala State that made arrangements for that sum and the Patiala State got possession of all the hill area that now belongs to that State. It was in the course of that bargain that the British officers there in Simla got possession of Simla—which was either a sort of commission for the bargain or as a favour to the British authority.

Since then it has been the summer seat of the Government of India for a very long time, and that was much before the Punjab was either conquered or annexed.

After the annexation of the Punjab, I think, Simla was made over for convenience of administration to the Punjab Government, and since then there has been going on a sort of dual Government in Simla. The Punjab Government hold the administration, but all the rest has been done by the Central Government. Most of the improvements made in the Simla town are made by the Central Government and at the cost of Central Revenues. Very little was done by the Punjab Government in making any improvement for this town and, naturally, the most part of the Government property in Simla belongs to the Central Government. It is for this purpose that the Central Government has invested crores of rupees for the improvement of this town and, therefore, I think it has got a greater interest in keeping it under its own administration. There is no doubt that the administration has been going on satisfactorily under this dual control, but we know that new constitutional changes are being introduced and the provinces have become fully autonomous, and, naturally, this town also shall come completely under the control of the Punjab Government.

**Sir Syed Raza Ali** (Cities of the United Provinces: Muhammadan Urban) That is the reason why it should remain with the Punjab Government.

**Bhai Parma Nand:** Well, for that reason, Delhi also should remain under the Punjab Government.

**Kunwar Hajeer Ismail Ali Khan** (Nominated Non-Official) Are you not satisfied with Provincial Autonomy?

**Bhai Parma Nand:** Of course not—so far as the Punjab is concerned, we are not. We are not at all satisfied, but apart from that, as my point does not concern Provincial Autonomy, it is simply this that Simla has been a town under the administration of the Central Government and that Government have invested crores of rupees in the improvement of that town, therefore, its administration should be kept in their own hands. The Punjab Government cannot spend any money; even now, after a good deal of trouble they are expected to give about two or three lakhs to the municipality, but the Government of India are going to contribute ten lakhs towards its further improvement. This town has all along been the concern of the Central Government and the Punjab Government has come in merely as an interloper. It belonged to the Central Government long before and, I think, it was the Viceroy, Lord Curzon, who had a proposal to take it away from the Punjab Government and to keep it under the Central Government. My point thus has no concern with the question of Provincial Autonomy. On that point my Honourable friend, Sardar Sant Singh, might enlighten the House.

**Sardar Sant Singh:** Do it yourself.

**Bhai Parma Nand:** But you know more about the administration of our Province.

**Captain Sardar Sir Sher Muhammad Khan** (Nominated Non-Official).  
Where then will the Government of the Punjab go in the summer?

**Bhai Parma Nand:** There are two answers to the question. In the first place, I think the Punjab Government can remain in its own area, Chota Simla; there would be no objection to that Government keeping that part of Simla. The other answer is, the Punjab Province has got so many other hill stations. One is Murree, another is Dalhousie, the Government can move to any other hill station which they have got, but so far as the Central Government is concerned, Simla is the only place for the Central Government during the summer time. It has been all along the summer seat of the Central Government. The Central Government has got no other place to go to during the summer. It is evident from what is going on, even now, the most part of the offices of the Central Government Secretariat go to Simla during summer, although they have tried to stop partially the exodus this time but they are meeting with difficulty. Therefore, I say Simla must remain under the control of the Central Government on account of the new constitutional changes that are coming in a very short time.

**Sir Syed Raza Ali:** Why?

**Bhai Parma Nand:** Because it has been so treated all along and the Central Government has invested so much on its improvements.

**An Honourable Member:** What about the Punjab Government?

**Bhai Parma Nand:** The Punjab Government has done some improvements in Chota Simla and I have no objection to their keeping that part of Simla if they so like. The other reason is that Delhi is the capital of India, which has been taken out from the Punjab and is being administered centrally. The Government of India have to remain in Delhi for some time and for about half the year they have to go up to Simla, it will be in the fitness of things if both these towns are brought under one administration and should be considered as the metropolitan towns of India. That is the case in the United States of America, where Washington has got a separate and independent administration.

There is another reason for Simla to be administered by the Central Government. The Simla town, with its area of about ten square miles or so, is surrounded by Hill States, which are more than twenty-five in number. Formerly, these Hill States had their political connection with the Senior Deputy Commissioner, who was also an Agent of the Punjab Government, but under the new Constitution all these States have direct relations with the Central Government. Simla is an isolated place and having been surrounded by so many Hill States, which are all connected with the Central Government, it seems somewhat anomalous that this town should remain under the control of a province and not under the control of the Central Government.

There are other reasons also. The electric generating station for Simla is situated in a Hill State and the water supply of Simla also comes from a Hill State. The Central Government can carry on negotiations, if necessary, with these States better than the Punjab Government. Again, Simla is the headquarters of the Army Department. So many

offices belonging to the Army Department are located in Simla and a large number of clerks and officers have to reside there all the year. The Provincial Government can naturally have no control over the Army Headquarters. Besides, there may arise some constitutional difficulty on account of a conflict between the Punjab Government and the Central Government. I remember the case of Professor Ranga, whose entry into the Punjab was banned by the Punjab Government but he had to attend the Session of the Assembly. So, special permission had to be given by the Punjab Government and they allowed him to go, to Simla only to attend the Assembly Session and to make no speeches outside the precincts of the Assembly Chamber. This kind of anomaly is bound to arise when the Provincial Government is perfectly autonomous. Therefore, Simla, which is so much overcrowded by the Departments of the Central Government, should be under the administration of the Central Government. I do not think it is in any way dishonourable for the Punjab Government to be under the Central Government in the town of Simla. They can continue to go to Simla if they so like. There will be no harm in that.

There is another reason for its transfer to the Central Government. Simla is a deficit district. It has got only two small sub-tahsils, consisting of a few villages and both of which are under the Naib Tahsildars. So, if Simla is brought under the Central Government, the Punjab Government should not have any grievance about it. Besides, if Simla is to be expanded, the small plots which surround it can be exchanged with one of the Indian States that surround it. Thus can only be done by the Central Government and not by the Punjab Government. In order to keep Simla in a good sanitary condition, it is necessary to spend a large sum of money on it. Already a large sum of money has been invested on it by the Central Government and if it is not brought under their administration, then, practically, the whole of this money will be lost to the Central Government. It is not possible for the Government of India to keep away from Simla as the British officers, for nearly a century and a half, have been used to go and live there, it won't be easy for them to change their habits and adapt themselves to new conditions. For these reasons, I would request the Government not to stand in opposition to this transfer. They should try to see which way the public opinion is moving. It is quite possible that certain prejudice might be found among some Members of this House against this proposal as they feel more sympathetic towards the Punjab Government but I can assure them there is no antipathy or prejudice in this Resolution against the administration of the Punjab Government. All that I want is that Simla should be made a central town along with Delhi and both these places should be treated as of great importance and be administered by the Central Government in the interest of efficient administration. Simla has been the summer capital of the Central Government for more than a century and it is necessary that it should be kept in a very good sanitary condition.

Finally, I would just request the Government to allow this motion to be decided by non-official votes only. Let them not take sides. That is my request. It is in the power of the Government to carry this Resolution into effect or not. They may not if they do not approve of it. All the same they should try to find out public opinion in the matter. They should not bring any pressure on their Members in this matter. Sir, I move.

**Mr. President** (The Honourable Sir Abdur Rahim): Resolution moved :

"That this Assembly recommends to the Governor General in Council that he may be pleased to get Simla town transferred from the Punjab Government to the Government of India and constitute it as a centrally administered area "

**Maulana Zafar Ali Khan** (East Central Punjab Muhammadan) Sir, ever since the Congress Party in their superior wisdom decided to boycott this House, I have never felt their absence so much as on this occasion. My Honourable friend, Bhai Parma Nand, is the leading light of the Hindu Mahasabha. Had the Congress Party been here, I am sure, this Resolution of my Honourable friend would have been opposed tooth and nail by Mr. Satyamurti or by Mr. Asaf Ali or by any other Congressman and there would have been no occasion for me to oppose this Resolution.

**Bhai Parma Nand:** The Honourable Member is simply guessing what the Congress Party would have done had they been present here.

**Maulana Zafar Ali Khan:** These are days when India wants full independence. We want the Imperial Government to be shorn of all its power and want them to leave everything to us. Is it not an anomaly that Bhai Parma Nand wants the Government to take more power than it already possesses? He wants Simla to become another capital of India.

**Bhai Parma Nand:** I do not mind Simla being another capital.

**Maulana Zafar Ali Khan:** My Honourable friend wants to deprive Delhi of the glory it has gathered round itself. When the Government have already made up their mind to call upon the Legislatures to hold their Sessions throughout the year—autumn, summer and winter—here in Delhi my Honourable friend wants that Simla should become the centre of Imperial activities and that the Punjab Government should give up their connection with Simla. My Honourable friend, Bhai Parma Nand, is a Punjabi of Punjabis, he is a patriot and he wants to deprive his own province of the importance it has in possessing Simla under its administration.

**Bhai Parma Nand:** I only want it to be made a better town under the Government of India.

**Maulana Zafar Ali Khan:** The Punjab Government is the only Government which has proved to the whole of India that Hindus and Muslims can live together under one administration peacefully.

**Bhai Parma Nand:** Question.

**Sardar Sant Singh** (West Punjab: Sikh) Not at all. Read the proceedings of the Sikh Conference held at Attari in February.

**Maulana Zafar Ali Khan:** The Sikhs, the Hindus and the Muslims all live together there in amity. There is the Unionist Government in the Punjab which commands the confidence of the whole population of the Punjab.

The Punjab Government have been the trustee of the amenities of Simla for such a long time and there has been no complaint against them except from a handful of men who, for some reason or other, raise their voice against the administration of the Punjab Government. I may point out again that while Gandhiji and other leaders of the Congress Party are calling upon the British Government to give us Dominion Status, I am not one of those who want Dominion Status, I want complete independence. While the Congress Party, I say, are insisting upon Dominion Status and the Viceroy has gone so far as to declare that after the war is over, the question of conceding Dominion Status of the Westminster variety would be considered sympathetically in consultation with Hindus and Muslims if they bring forward any formula which is acceptable to the Government. While the Congress Party is taking this line, my Honourable friend, Bhai Parma Nand is going in the opposite direction. We all want complete independence, while my Honourable friend does not want even Provincial Autonomy. We have got Provincial Autonomy after fighting for such a long time. When we had gained something, my Honourable friend, Bhai Parma Nand says "well, Simla is surrounded by Hill States". Well, what are those Hill States? Tiny little estates about a few miles each in area. The Punjab Government have been their trustees for such a long time and they have had no complaint whatever against them.

**Bhai Parma Nand:** No, they are not the trustees of all communities.

**Maulana Zafar Ali Khan:** I am sorry. I cannot congratulate my Honourable friend, Bhai Parma Nand, upon moving this Resolution without any reason or without any argument. His only argument is that Simla is surrounded by Hill States. His only argument is that the Commander-in-Chief is there with his staff. If the Commander-in-Chief and his staff are there, where lies the inconsistency between the Punjab Government being the trustees of the Simla life and the Commander-in-Chief holding his office there. Nothing whatever. Even if he said that the Government of India should have two capitals, one summer capital and another winter capital.

**Bhai Parma Nand:** Exactly, that is my point.

**Maulana Zafar Ali Khan:** Why not Dehra Dun? Why not vote for Dehra Dun? That is a much better place. There is no necessity to acquire any piece of land for palatial buildings even if Federation is introduced. I am afraid Federation will come by and by. I personally dislike it. I hope it would not come. But the Government have taken one step. It is only the exigencies of the present war that has compelled the British Government to give up Federation for a certain time. But I think these exigencies will go on and the situation would become so critical that there would be no necessity for having Federation at all. If there is no Federation, then alone the question of having another capital, either in Simla or somewhere else will crop up. I think Dehra Dun will be a good place.

**Bhai Parma Nand:** Why not Dalhousie?

**Maulana Zafar Ali Khan:** Dalhousie will be still better than Simla. Why not go to Naini Tal, why not go to Almora? As far as Simla is concerned, the Punjab Government have been doing their level best to

[Maulana Zafar Ali Khan.]

improve the amenities of Simla I submit my Honourable friend has made out no case for depriving the Punjab Government of their administration over Simla I am sure the Government Benches know their duty. I know their inclination. I know what are the tendencies of the European Group. As far as this side is concerned, except perhaps Bhai Parma Nand and Sardar Sant Singh . . . .

**Mr. Lalchand Navalrai** (Sind: Non-Muhammadan Rural): Why not I?

**Maulana Zafar Ali Khan:** Yes, including the leading light of Sukkur, I can say three or four persons, excepting these few persons I think an overwhelming majority of Members is against the Resolution and they would oppose it. Sir, I oppose the Resolution

**Sir Muhammad Yamin Khan** (Agra Division Muhammadan Rural)  
 Sir, I am sorry that the debate on this Resolution has taken a curious turn  
 12 NOON The issues raised by the Resolution and the points underlying the Resolution are such that they ought to be considered calmly and with a cool mind, without any kind of prejudice in the mind as to whether the Punjab Government is good, or bad or whether the Punjab Government is going to gain or suffer by this Resolution. I do not think the Honourable the Mover had any such idea. He paid all kinds of compliments to the present Punjab Government and said he had nothing to say against them. His points were only from the economic point of view. Some remarks of his may have invited this controversy, but I do not think he was properly understood. This is a part of the Resolution which I had myself given notice of and which was more comprehensive. Simla district comprises mainly the town of Simla and a few tahsils which bring in little revenue. Simla town cannot meet the burden of these heavy expenses which are met by the Government of India to keep it in proper shape, as neither the town itself nor the provincial Government can pay for its proper upkeep. The Government of India have invested a sum of nearly 25 crores on this summer capital of theirs and desire the sanitary arrangements and cleanliness to be up-to-date. In these circumstances the whole administration is run by the Municipal Committee with an I. C. S. officer as Chairman who is also the Deputy Commissioner and the practice has been often to send junior officers to fill these posts. Before the advent of Provincial Autonomy all I. C. S. officers were trained in municipal work in the districts. The District Magistrate used to be also the Chairman of the municipality and Joint Magistrates used to be nominated members. So they learnt municipal administration; but as soon as these bodies became autonomous with elected non-official Chairmen these officers have been deprived of the opportunity of learning this work, and, therefore, the Deputy Commissioner who comes now is practically a novice in this work who can only dispose of the files which are put up before him and cannot initiate any development on modern lines. We have seen that excepting small changes here and there Simla now is what it was 30 years ago; and these changes have been due to one man whose name will be always remembered for the great work that he did, *viz.*, Mr. Pratap. In one year's administration he improved the town to a great extent and in all directions and he was the first Indian I. C. S. to be placed in charge of



the town who did great work but did not, unfortunately, live long enough to effect more improvements.

Another disadvantage in the present arrangement is that the officer placed there is subordinate to a particular Government and cannot fight that Government to carry his schemes through without prejudicing his chances of promotion. If the Government of India make a grant of ten lakhs and next time they say that the whole of it should not be spent, he cannot go against them but has to submit calmly to it. Some time ago some money was granted by the Government of India for sanitary and other improvements but they said that it was not to be used and as a result the grant could not be utilised and it lapsed. So the officer works under a great handicap and cannot do his work properly. An officer is placed there whenever it suits the Punjab Government and then shifted to another place where his services may be wanted, so that there is no continuity in the office of Deputy Commissioner at Simla. He may be brought for six months or in a leave vacancy, and these things have stood in the way of improvements being effected. So I suggest that as it is the summer headquarters of the Government of India and also troops are kept there, they should have some kind of administration which may be continued and over which the Government of India may have a certain amount of control. Nobody desires to belittle the authority of the Punjab Government in the least. Let them be entrusted with the work of improvement but the constitution of the Municipal Committee must be on different lines than what exists in smaller towns. One kind of constitution or Municipal Act may be suitable for the backward districts of the Punjab but it will not do in Simla. There are parties there and party faction and even fighting in the elections is going on there and in spite of the joint electorate system I found that not a single Muslim dared to put in his nomination paper for election to the municipality.

**An Honourable Member:** Introduce separate electorates.

**Sir Muhammad Yamin Khan:** I am not saying what you should do, but joint electorates have had this effect. No Muslim dare put in his nomination paper . . . .

**An Honourable Member:** Why?

**Sir Muhammad Yamin Khan:** . . . . because in the past they were never elected. We cannot get on with the feelings prevailing in the Punjab towns on the communal basis. We cannot make Simla a football of their party politics and leave Simla in the hands of people who do not understand their duties but who merely want that a particular *chaprassi* or *duffry* or some others should be appointed in the municipality. That is all their politics . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member has got one minute more.

**Sir Muhammad Yamin Khan:** To keep Simla away from these communal feuds this ought to be done. I do not want to press this Resolution and I think Bhai Parma Nand will be well advised to withdraw it after making clear what are our real desires. I know the Punjab Government will have some difficulty if Simla is taken out of the province . . .

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member's time is up.

**Sir Muhammad Yamin Khan:** I will conclude just now . . .

**Mr. President** (The Honourable Sir Abdur Rahim): The Chair cannot allow any more time.

**Captain Sardar Sir Sher Muhammad Khan:** Sir, I rise to oppose the Resolution. I am surprised to see that my friend, the Mover, has tabled this Resolution. Either he has not discussed it in the Mahasabha or the Mahasabha did not agree with him, because, economically, and politically, his community will lose if this Resolution is passed. Government has decided that most of the clerks and officers will remain behind in Delhi this year and if we stop the Punjab Government also from going to Simla, that is, by taking away Simla from the Punjab, the business of Simla, which is mostly in the hands of Hindus, will suffer. I am sure if my friend had discussed this question with the Mahasabha they would not have allowed him at all to move it. Politically, Simla being in the Punjab shares full Provincial Autonomy. If Simla is taken away from the Punjab, then its people will clamour for full representation in this House, as the Delhi people are clamouring now. It is no use going into detail, as my friend Sir Muhammad Yamin Khan, did, and argued and criticised the Simla Municipality by giving certain facts and figures. I advise my Honourable friend, Bhai Parma Nand, to wait till the Swaraj comes, then he may be succeeded to take away Simla from the Punjab Government, and be appointed Chief Commissioner to administer that area.

**Sir Abdul Halim Ghuznavi** (*Dacca cum Mymensingh Muhammadan Rural*): Sir, the Mover has not been able to make out a case and when he was confronted by my Honourable friend, Maulana Zafar Ali Khan, saying that if he had consulted the Hindu Mahasabha he would not have brought this Resolution here. . . .

**Bhai Parma Nand:** That is not Hindu Mahasabha's business.

**Sir Abdul Halim Ghuznavi:** Then the Knight of Meerut, my Honourable friend, Sir Muhammad Yamin Khan, took up the cudgels on behalf of the Mover. With a meagre knowledge of the English vocabulary which I possess I have been unable to understand what he was aiming at. Out of his full fifteen minutes speech the only thing I could understand was his condemnation of the poor Deputy Commissioner of Simla. The whole time his grouse was against that poor officer. . . .

**Sir Muhammad Yamin Khan:** On a point of explanation: I was not condemning the Deputy Commissioner of Simla. I paid a tribute to the late Deputy Commissioner and I said some people could do marvellous work.

**Sir Abdul Halim Ghuznavi:** I am not referring to the late Deputy Commissioner but to the young present Deputy Commissioner whom he was condemning, saying he has no experience and does not carry out the work of the municipality properly and allowed the Government of India's

contribution to lapse; all these allegations are made against a poor officer who is not present in this House to defend himself. My experience in Bengal about many municipalities, of which I had the honour of being Chairman and Vice-Chairman in my younger days, was that most of the work is done, not by the official Chairman, but by the Vice-Chairman and the commissioners. Where were your municipal commissioners in Simla?

**Sir Muhammad Yamin Khan:** Mostly nominated!

**Sir Abdul Halim Ghuznavi:** Have the municipal commissioners discharged their duty and looked after Simla? If they have, what is your grouse? My Honourable friend possesses very large properties in Simla and he is naturally anxious that his income is not reduced, but, equally, he possesses large properties in Delhi and so, why is he so anxious? If the income of one property is reduced, the income of the other property is increased.

**Sir Muhammad Yamin Khan:** I have got more property in Delhi than in Simla.

**Sir Abdul Halim Ghuznavi:** Then what is your grouse?

**An Honourable Member:** The grouse is that he has got property in both places.

**Sir Abdul Halim Ghuznavi:** The Resolution reads

"This Assembly recommends to the Governor General in Council that he may be pleased to get Simla town transferred from the Punjab Government to the Government of India and constitute it as a centrally administered area."

May I ask the Honourable the Mover how this will benefit Simla? As my friend, Sir Sher Muhammad Khan, has just said, Simla now has the benefit of Provincial Autonomy, of which she will be deprived if this Resolution is carried. We Members of the Assembly, when we go there, find that the administration is run perfectly—much better than it is done in other provinces. What is your grouse? Sir, I oppose this Resolution.

**Mr. M. Ghasiuddin** (Punjab: Landholders). Sir, I was surprised to find my friend, Bhai Parma Nand, as the author of this Resolution. It is as if there is a certain property, and in a fit of over-generosity somebody wants to share that property with his neighbours. Anyhow, to my mind it is a question of being over-generous, and not looking after the interests of our own people. In the first place, my friend said that when the Punjab had a Government of its own, I mean the Sikh Government, Simla was not a part of the Punjab. Now, Sir, I may point out to my Honourable friend that the Punjab, under Ranjit Singh, was quite different from the Punjab of today. If my friend's arguments were to hold good, not only would Punjab be deprived of Simla, but it would also be deprived of Ferozepore and Ludhiana and all those places, because the boundary in those days was the river Sutlej and all parts of the province on the other side of the Sutlej belonged to the British, while portion on the Northern bank of the Sutlej was administered by the Sikh Government. . . .

**Sardar Sant Singh:** Some time back Delhi was the extreme border of the Punjab.

**Mr. M. Ghiasuddin:** Although in olden times it may not have formed politically a part of the Punjab, still racially and culturally, people living in Simla are as much Punjabees as anybody else, and so it will be very wrong to cut them off from their kith and kin and join them to a Central Government where they will be connected with Coorg and Ajmer-Merwara and other places, and the Simla people will not be very happy in such a cosmopolitan crowd. As my friend, Captain Sher Muhammad Khan, pointed out, that would be depriving the people of Simla of self-government as well, because I know that the people of Delhi are not very happy either, although this city is known as the Imperial City, because when it comes to a question of services and other privileges, Delhiwallas are neither acknowledged by the Punjabees nor by the United Provinces people. They are disowned by both . . . .

**An Honourable Member:** The United Provinces have been claiming Delhi for some time now.

**Mr. M. Ghiasuddin:** So long as Delhi does not become a part of the United Provinces, the people of Delhi will not be very happy, and from the point of view of self-government it will be a step backward, and no Indian who has at his heart the political advancement of the country can bring forward such a Resolution as this because the political progress which Simla has made under a representative Government will be considerably retarded, under a bureaucratic Government.

Sir, my friend cited the case of Professor Ranga. If it is anything, I think it is a point in favour of those who do not want Simla to be separated from the Punjab, because although the Punjab Government had their differences of opinion with the Professor, although they thought that his coming to Simla and addressing the people was not good for the public,—their opinion may be right or wrong,—yet they did not stand in the way of Professor Ranga coming and attending the meetings of the Legislature. So, the rights of the Members of the Central Legislature are as much safe under the Punjab Government as if Simla was under the Central Administration.

Then, Sir, reference has been made to the Punjab Government. If Simla is to be taken away from the Punjab Government, not only will this Legislature, but the Punjab Legislature as well as the Punjab Government will have to be consulted. In that case I could visualise what answer would be given by Punjabees belonging to the community of my friend, Bhai Parma Nand, and who wants that Simla should be taken away from the Punjab? I think people belonging to his community and who are members of the Punjab Legislature will give my Honourable friend an effective answer, because I can say that the non-Muslim Ministers of the Punjab enjoy the confidence of the people of their community as much as any Honourable Member present here.

**Bhai Parma Nand:** Self-determination. Consult the Simla people and not the Punjab Legislature.

**Mr. M. Ghiasuddin:** You cannot consult every village, every town and every small mohalla in the interests of self-determination. Then my friend, Bhai Parma Nand, brought forward another argument, that because the Army Headquarters are situated in Simla, the efficiency of the Army Headquarters is likely to suffer if Simla remains under the Punjab Government. Personally, Sir, I don't see any logic in it, because the same thing would apply to Naini Tal, which is the headquarters of the Eastern Command, and if the efficiency of the officers stationed at Simla were to suffer because Simla happens to be under the Punjab Government, the same thing would apply to the Eastern Command whose headquarters are at Naini Tal.

Then, Sir, I was sorry to find my friend, Sir Muhammad Yamin Khan, ranged himself in the opposite camp. . . .

**Some Honourable Members:** No, no.

**Mr. M. Ghiasuddin:** He seemed to apprehend that the administration of Simla would suffer because junior men would be put in charge there. I am glad he mentioned a few civil servants who did very well indeed at Simla, and one of them was the late Mr. Pertab and I think he deserved well of everybody, as a great patriotic Indian, and a great administrator. Another ex-Deputy Commissioner whose views the House would like to hear is present in the House. I mean Mr. Mackeown, who is sitting there, and I don't think the present Deputy Commissioner will give a bad account of himself either, as my Honourable friend seems to fear.

Then my friend, Sir Muhammad Yamin Khan, was labouring under a misapprehension when he said that since the advent of Provincial Autonomy, the powers have been taken away from the Deputy Commissioners and Collectors, certain powers they exercised as official Chairmen. That may be the case in the United Provinces, but I may tell my Honourable friend that in the Punjab since 1919 or 1920 we have been having non-official Chairmen, and the Municipal Committees have been working efficiently under them. The Deputy Commissioners have had no chance of municipal administration, because they were deprived of it as far back as the year 1919 or 1920. If this House passes the Resolution I think that it would be socialism, and communism in excelsis; because we happen to have a majority here, we should deprive a certain province of what rightfully belongs to it!

**An Honourable Member:** Expropriation.

**Mr. M. Ghiasuddin:** It is expropriation, nothing short of it, unless both the Punjab Government and the Legislature of the Punjab are consulted and of their own free will they agree to cede Simla, which I am sure they will never do because Simla is a part of Punjab and is going to remain so. I oppose the Resolution.

**Sardar Sant Singh:** I had no intention to take part in this debate today. I am glad that Sir Muhammad Yamin Khan and Mr. Ghiasuddin kept the debate entirely within the merits of the question involved in this Resolution before the House. But the turn which has been given to this debate by my Honourable friend, Maulana Zafar Ali Khan, has been such

[Sardar Sant Singh]

as to call for some reply on behalf of the Punjab on this point. I quite appreciate the argument of my Honourable friend, Mr. Ghiasuddin, that as Punjabis we should all be jealous of the territory which is within that province and that any attempt to take any bit away from it should be resisted and should not be encouraged. I quite realise the force of the argument which he has advanced, that in this matter it is not only the Central Legislature that should be consulted but also the Punjab Legislature should have its voice. These are arguments which have their force and I assure my Honourable friend that they have got a good deal to be said in their favour when such a question is to be considered. But this Resolution being merely a recommendation to the Governor General in Council, we are aware that the question will be thoroughly thrashed out before it is given effect to. However, I cannot ignore the point that in any country where there are going to be two administrations, one central and the other provincial the central should have to control certain areas for the purpose of their own convenience. As Simla is a place in which the Central Government is so extensively interested, as has been pointed out by my Honourable friend, Bhai Parma Nand, the question ought to receive due attention of the Government. There is no doubt that at present Delhi and the Centrally Administered Areas do not enjoy that Provincial Autonomy which ought to be conceded to them, but I am sure that in the near future, in any revision of the constitution that takes place, the Centrally Administered Areas will be given a proper place in the new constitution and will have their autonomy, probably some sort of legislature being granted to them which may consist of members elected by the people of the Centrally Administered Areas. At the same time, our demand has been that the exodus to Simla should be stopped, and if the Government of India agree to that demand and stop the exodus to Simla in its entirety, then this Resolution would find no place at all. (Interruption.) I am just saying what the arguments are in favour of and against this Resolution. Therefore, we will have to wait and see what attitude the Government of India adopt in respect of this Resolution.

It will not be quite fair on my part to leave a certain impression uncorrected, which has been created by Maulana Zafar Ali Khan's speech about the Punjab Government. I refuse to be drawn into a controversy on this point, namely, whether the Punjab Government should be condemned in detail for what they have done by their acts of omission and commission, for the simple reason that there is nobody here from the Punjab Government or on their behalf to defend them. But it is not fair for my Honourable friend, Maulana Zafar Ali Khan, or any other person, not to see the beam in his own eyes and see only the mote in the eyes of others. May I ask him, what for the Muslim League has been condemning the Congress administered areas for such a long time that whenever an objection is raised to the defects which are so patent that nobody can dare deny them that my friend should come forward and give undiluted praise for the administration of the Unionist Party. I only refer to some points so that he may study them and come to a right conclusion.

**Dr. Sir Ziauddin Ahmad** (United Provinces Southern Divisions—Muhammadan Rural): On a point of order, Sir. Are the merits of the Unionist Party under consideration now?

**Sardar Sant Singh:** My Honourable friend, Maulana Zafar Ali Khan, was allowed to praise the Government of the Punjab. . . .

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member need not associate himself in any praise, but he cannot go on condemning any act of the Punjab Government.

**Sardar Sant Singh:** May I submit for your ruling on the point. . . .

**Mr. President** (The Honourable Sir Abdur Rahim): The Chair has given its ruling. The Honourable Member cannot condemn the Punjab Government which is not represented here.

**Sardar Sant Singh:** I want a ruling on this point. If a certain Member of this House praises a Provincial Government and points out that all the communities there, the Hindus, Muhammadans, Sikhs, all communities are quite contented under that administration, am I not entitled to reply that that is not the case?

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member can say that he is not contented with any Government, that is another matter, but he cannot go on discussing that Government.

**Sardar Sant Singh:** All right I will confine myself to that. The allegation made by Maulana Zafar Ali Khan that all the communities are contented with the Unionist Government is undoubtedly wrong.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member must not go on criticising or discussing the Government of the Punjab or any other Provincial Government.

**Sardar Sant Singh:** At any rate, I have to reply to this insinuation which has been made.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member can criticise about the administration of Simla which is now under discussion.

**Sardar Sant Singh:** About this administration, it is not a fact that even the Muslim element represented by the Ahrar Party has any confidence in the administration that is going on.

**Some Honourable Members:** No, no.

**Mr. President** (The Honourable Sir Abdur Rahim): Is the Honourable Member discussing the administration of the Government of the Punjab?

**Sir Muhammad Yamin Khan:** Don't discuss the administration of the Punjab generally, but discuss the Simla administration of the Government of the Punjab.

**Sardar Sant Singh:** Is not this putting a great handicap on those. . . .

**Mr. President** (The Honourable Sir Abdur Rahim) Order, order. The Honourable Member must not make any such allegation. He must accept the Chair's ruling.

**Sardar Sant Singh:** Let people judge for themselves. I leave it where it is. However, the position is, this very Resolution in this House is a clear indication and proof positive that in spite of the jealousy with which we regard the province as a whole, we are prepared to agree that an important part of it should be cut off from the province because of the defects in the administrative policy of the Government of the Punjab. There has been heart-burning all round.

**An Honourable Member:** Then why don't you include the whole Punjab?

**Sardar Sant Singh:** I think the day may not be far off when that will have to come if you go on like that. The very fact that this Resolution has been moved and sponsored by no less a person than Bhai Parma Nand who represents a very important interest in the country goes to show that things are not all right and the Government of India should take into consideration this fact as well that things are not moving so smoothly as it is desired that they should. The interests which are represented by Simla are such that broad-mindedness and large vision is necessary for the reason that the Central Government has its headquarters therein. That broad vision and broad-mindedness would be worth much more than a strip of country to be taken away from the Punjab. I support this Resolution.

**The Honourable Sir Reginald Maxwell** (Home Member) Sir, this question has been dead since 1906 and it is rather difficult to dig it up now and have a look at it. Indeed, in spite of all the illumination which has fallen from the mouths of Honourable Members, I must confess to a considerable difficulty even now in deciphering its lineaments and ascertaining exactly what are the grounds for moving this Resolution. At any rate I hardly expected the deceased to be exhumed at this particular time. In recent years Government have often been challenged to justify their policy in moving to Simla at all and had the Resolution been one for removing the Central Government from Simla, I could have better understood it at this juncture, but as matters stand I am indebted to the Honourable the Mover for providing me with fresh ammunition for defending the annual move. Another reason why I am surprised to find myself dealing with this Resolution in these terms at the moment is that within my recollection, several times in this House Government have been asked to consider whether the time has not come to extend the principle of representative institutions to Chief Commissioners' Provinces where they already exist and to provide there for institutions similar to those obtaining in Governors' Provinces. And yet now I find that in spite of this apparent attitude which has been shown on former occasions, the Honourable Member's proposal is to tear Simla away from its political mother, the Punjab, and to throw it, tied hand and foot, into the jaws of a rapacious and reactionary Central Government.

Sir, I will make the attitude of Government towards this Resolution clear. We will leave the matter for an expression of the views of the Members of this House. But I must ask the House in doing so to consider it as a practical proposition. The objections are really practical and



not sentimental. When this matter was last investigated and the position has not really changed since—the real obstacle to any measure of this kind was that the Central Government would have to provide the Punjab Government with fresh buildings at some other station. The proposal would involve removing the Punjab Government and setting them up in some other headquarters of their own somewhere else. That is a matter for which the Central Government would have to compensate the Punjab Government in full. It would have to bear the cost of this transfer and when the matter was last looked at the estimated cost was some 24 lakhs, I believe, but I should be very much surprised if it could now be arranged for as low a figure as that.

**An Honourable Member:** Not less than a crore

**The Honourable Sir Reginald Maxwell:** It must be remembered that the Central Government would find itself in possession of all the Punjab Government buildings now existing in Simla and with our reduced arrangements for the move, it would be extremely doubtful whether we should find any real use for all these buildings to acquire which we had to incur such heavy expenditure.

Another practical objection I would like to point out to the House is that Simla is a very small enclave among the Hill States. It only consists of 100 square miles of territory, comprising five small towns and some 263 villages. It is situated 210 miles from Delhi and its administration could, therefore, hardly be combined with that of the Chief Commissioner's province of Delhi. Therefore, the proposal which the Honourable Member advocates would mean setting up some kind of separate administration for this extremely small enclave.

**An Honourable Member:** Why not have a Chief Commissioner for Simla?

**The Honourable Sir Reginald Maxwell:** I accept that suggestion. It means, as the House knows, setting up all the overhead expenses of a separate administration for no real need. I want to point out that there is really no need to pursue this proposal. In the first place it would have no appreciable effect on the congestion in Simla. So far as I know the reduction of population due to the removal of the Punjab Government would amount to only about 4,000 out of a total population, I believe, of 60,000 or 70,000. At the same time, from the accommodation point of view, the reduced exodus to Simla for the shortened period of stay there will further reduce the necessity of any such measure. Considerably fewer staff will be coming up from Delhi to Simla every year and the period of their stay there will be probably only 4½ months instead of six months as hitherto. And, at the same time, there will not be, or it is not proposed that there should be, the summer Session of the Central Legislature in Simla and that is one of the chief causes for the temporary congestion of population in Simla. Nor is there any need, again, on the grounds for which the Chief Commissioner's Province of Delhi was set up. Delhi, I must point out, is the capital of the Government of India. Simla is not its capital. It is only a summer headquarters and, therefore, the reasons which applied to Delhi when it was made into a Chief Commissioner's Province do not really apply to Simla.

[Sir Reginald Maxwell.]

Finally, I would ask the House to remember that the future of the exodus to Simla will probably, before very long, be a matter for the decision of another Government. Supposing some future Government which may sit on these Benches decide to remain in Delhi all the year round, our expenditure on the acquisition of all the Punjab Government buildings in Simla and the removal of the Punjab Government from that headquarters would have been wasted. Well, the House will know that at the present time even the constitutional changes which were formerly envisaged have been postponed until after the war. This is not a time, therefore, for entering into any kind of commitment. At a time then when the House and the Government are hard put to it in providing the funds which are necessary owing to the war circumstances with which we find ourselves confronted, to enter into a Commitment involving a very heavy expenditure could, I think, only be regarded as an extravagance. That is all I have to say, Sir, about the Resolution and, as I say, we will leave the House to express their own views. Government will not vote on it but will allow the House a free vote.

**Bhai Parma Nand:** I am not quite convinced, Sir, of the first part of the reasoning that the Honourable the Home Member has advanced, but as regards the other part of his argument that this is not the proper time, I find it correct and I think I have done my duty in drawing the attention of the Government to this important subject. For the present we may be satisfied with that, therefore, I do not press this for division and ask leave of the House to withdraw my Resolution.

The Resolution was, by leave of the Assembly, withdrawn.

#### RESOLUTION *RE* APPOINTMENT OF A COMMITTEE TO FORMULATE A SOUND POLICY FOR DEPRECIATION AND CAPITAL EXPENDITURE IN RESPECT OF THE RAILWAYS

**Dr. Sir Ziauddin Ahmad** (United Provinces Southern Divisions: Muhammadan Rural). Sir, I beg to move Resolution No. 2 standing in the name of Mr. H. M. Abdullah who has authorised me to move it on his behalf. Sir, I move.

"That this Assembly views with alarm the policy of the Government of India in increasing railway debts by meeting the so-called capital expenditure of unremunerative character by fresh borrowing and recommends to the Governor General in Council to appoint a committee consisting of railway and account experts and non-official Members of the Central Legislature to formulate a sound policy for depreciation and capital expenditure."

Sir, the object of my Resolution is simply to draw the attention of the Government and of the public to the present policy now followed by the Government of India about the capital and depreciation and I simply want to draw attention to the fact that they need serious consideration. This is not a question which can be decided by the vote of the House but my intention in this Resolution is that the Government should pay serious attention to the existing state of affairs and to the arguments which I bring forward during the discussion of this Resolution.

Sir, I should admit from the very outset that our Railway administration in this country is a very economical administration. Compared with other countries, we are running our Railways efficiently and economically.

Out of a hundred rupees which we earn, we spend only Rs 59 on the administration and keep the remaining forty one for other purposes including the interest charges. The economy, to my mind, has gone rather far and up to a level which I consider to be dangerous, because, in their attempt to economize, they have lowered the scale of pay and they have retrenched the staff to a limit which I think to be dangerous and very unjustifiable. Therefore, the finances of the Railways are exceedingly sound, and if any further economy is desirable, then it ought to be effected by the re-arrangement of the higher finance.

I shall take up today only two points. The first point is the policy of capital expenditure, which I will not enlarge upon very much today as it was discussed on previous occasions. The second is the policy of depreciation. Sir, I would define what is capital expenditure: "capital expenditure is defrayed out of fresh loans on which the interest will have to be paid by future generations till eternity." That is the definition of your capital expenditure, and the rate of interest at present which the Railway Department have to pay is 4.45 per cent., that is one and one-half per cent. higher than the Bank rate of interest,—because they really pay to the Government what the Government pays to the creditor, so Government do not make any profit out of this particular loan but still they have borrowed, in previous years, at a much higher rate of interest and 4.45 per cent. is the average rate of interest. Sir, I want to make three points in connection with the capital expenditure. The first point is that the Railway Department and the Government of India should not borrow any money for the Railways without an explicit permission from the Assembly which should be obtained by a Resolution and should not be included in Demands. Now, this is a point which we pressed on the last occasion and I do not propose to repeat the arguments again today. My second point is that in case fresh loans are spent on the construction of new lines, the estimates should be critically examined and the permission should not be sought to be obtained by giving only a rosy picture. Now, we have got before us several examples. One was quoted by my Honourable friend, the Member for Communications, only the other day in reply to a question. It is the Kangra Valley Railway. We know that the permission for its construction was obtained by giving a rosy picture to the House that it would cost 134 lakhs only and that it would yield an income of six per cent. Now, what happened? The cost rose from 134 to 300 and it is even more expensive in operation than the strategic lines. In the case of the strategic lines we spend Rs. 145.6 for every hundred rupees that we earn, while in the case of the Kangra Valley Project we spend Rs 316.9, that is, Rs. 317 for every hundred rupees which we earn, so that it is becoming a white elephant to us and I think the Honourable the Member for Communications will say that whatever the mistakes that may have been committed in the past, let us not continue those mistakes in the future and continue the payment of these enormous deficits in connection with this particular thing. Now, the line is proposed to be closed. We have lost these three crores of rupees in perpetuity. In this connection I should like to ask what has the Railway Department been doing? They have got a Director of Railway Audit, a Director of Finance, a Director of Accounts, a Financial Commissioner. Were they absolutely incompetent to tell us . . .

**The Honourable Sir Andrew Olow** (Member for Railways and Communications). Order, order. The Honourable Member is not justified in making a reflection on any Honourable Member of this House.

**Dr. Sir Ziauddin Ahmad:** I am not making any reflection on anyone in person, but I am examining the system.

**Mr. President** (The Honourable Sir Abdur Rahim) The Honourable Member was saying that such and such officers were incompetent.

**Dr. Sir Ziauddin Ahmad:** That is not what I meant.

**The Honourable Sir Andrew Clow:** I understood that the Honourable Member said that the Financial Commissioner was absolutely incompetent."

**Dr. Sir Ziauddin Ahmad:** No, I did not say that. I said that we have got four very competent officers in the Railway Department and they ought to have judged for themselves that there would be a mistake of three hundred per cent in the estimates—that is all. Whatever conclusion you may draw, I do not say anything about it. I have got my own definition of audit—perhaps my friend may not agree—my definition of audit is that audit is an arithmetical scrutiny of rules without using common sense. Unless I coin a definition of this kind, I cannot possibly explain the whole state of affairs about Kangra Vally, Kalyan Power House, chord line, etc. The third point which I would like to make out is that you should not spend more money on open line works by borrowing. Carry on the necessary repairs and go ahead with renewals and replacements from the current revenue under that head. The railways at present are, no doubt, over-capitalised and this is a point to which I will come later. Now I come to Depreciation Fund and tell its brief history.

We know that when we first began our railways about the year 1854 or 1855, the depreciation fund was there and most business concerns also had the depreciation fund. Then, what we discovered was that these companies began to put in very large sums under the head of the depreciation fund and showed smaller profits by setting aside larger sums under this head. In those days a minimum profit of five per cent was guaranteed, and, therefore, they were not concerned in showing larger profits. The Government of India realised it and they abolished this depreciation fund altogether in 1875 because they thought that it was working against their interests. Now, when we were celebrating the 50th anniversary of the abolition of this fund, we found that just at that time it was established again. Later on, this question was examined by the Dickinson Committee and they made certain recommendations about this depreciation fund. They said that the sums which should be set aside should be based upon the estimated life of the property and the original cost less the estimated value which is to be recovered. They further said that when renewals and replacements take place, the original cost should be charged to the depreciation fund and the balance, below or above the original cost, should be debited or credit to the renewals account in the appropriate extract to be included under the main head of depreciation. In 1935, a new change was brought about when they adopted a new basis and they said that the depreciation will be one-sixtieth of the capital at charge. When this change was made in 1935, I made a protest that this was a wrong method of calculation. I said that this method gave them an amount which is abnormally higher than they really require. After celebrating the 50th anniversary of the abolition of the depreciation fund, they have since put under this head 212·5 crores, out of which 120·5

crores were spent on renewals and replacements and they kept in reserve 68·05 crores. Out of this amount they have drawn another sum of 30·38 crores without any interest for purposes which are really the functions of an equalization fund. So, we have got still in reserve under this head of depreciation fund a sum of 37·07 crores. I have got the figures of the last 16 years before me, and taking the average I find that we have been spending about 8½ crores during the last 16 years from the depreciation fund on renewals and replacements. I ask, why put all the sum in one Bank and then withdraw it?

Before I develop my argument further, I would like to quote an illustration, which will be discussed with full vigour when the Excess Profits Tax Bill comes before the House. At present I am giving that example merely to explain the point of depreciation and the capital expenditure which I have in my mind. Suppose a person purchases a pair of shoes for Rs. 11. Afterwards, he had it re-soled and perhaps the upper half had also to be replaced on one or two occasions, each time spending Rs. 2/8 on it. At the end of that period, the book value of that pair of shoes came to Rs. 21. Now, the assessed value of that particular pair of shoes made by an experienced accountant was Rs. 6 only. The question arises whether we should charge the depreciation on Rs. 21 or on Rs. 6? Sir Homi Mody, representing business, says "Give him an allowance of depreciation on Rs. 21, because, after all, he has spent on that pair of shoes Rs. 11 plus Rs. 10, Rs. 21 in all." Mr. Chambers representing Income-tax says "No, you can only deduct the depreciation on the present value of the pair of shoes, that is, Rs. 6, and not the entire amount spent on it." We will have a full debate on this point and I would like to know what the attitude of the Communications Department would be on that particular issue. I know Government would say that the depreciation should be allowed on Rs. 6 and not on Rs. 21. This is just the point which the Income-tax department will fight on the floor of this House in connection with the Excess Profits Tax Bill, and I as tax payer want to fight with the Railway Member on the floor of the House, today, by saying that he had no business to put a certain amount of money in the depreciation fund which he has added in the same way as the businessman added to the price of his pair of shoes in the illustration that I have just given. I would like to ask some business men about this. I may inform the House that my definition of a business man is also a peculiar one. A pacca businessman is a person who knows how to cheat the shareholders, rob the consumers and evade the income-tax officers.

**An Honourable Member:** And what are you?

**Dr. Sir Ziauddin Ahmad:** A poor consumer who is robbed right and left by everybody. I am least cared for. Now, they say that the depreciation should be charged on one-sixtieth of the capital at charge. Will you charge a depreciation on the premium which you paid to the companies at the time you purchased these railways? We all know that the premium that was paid over and above the real price when these railways were purchased in 1879 was about 45·18 crores according to the present rate of exchange and 50·85 according to the then rate of exchange. Why depreciation on this amount? May I ask my Honourable friends in the European Group, who are opposed to my views, the reasons for putting 1/60 of this sum of 50·85 crores under depreciation?

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Now, further, Railways lost in exchange a sum amounting to 841 crores. Are you going to pay depreciation on this loss of exchange also which is put under capital at charge? I think the depreciation is necessary for building and not as the losses which we have incurred either on account of the exchange or on account of higher premium. What is the opinion of accountants and businessmen?

Coming to other capital expenditure, we know that we have spent 113 crores from 1925 to 1931—I have not taken up the figures for the last nine years—on open line works. On open line works, there is no fresh revenue. If you are going to pay interest on 113 crores also, then it really means that according to the example which I have quoted, you are demanding depreciation on Rs. 21 basis and not on the assessed value that is Rs. 6. Therefore, if you go on adding to your capital the amount which we spend on open line works and then, afterwards, demand depreciation on that particular thing, I think it is certainly wrong. What is necessary is to follow the practice of the income-tax office, follow the practice which the Honourable the Finance Member is following everywhere else. Take the present value of the assets. You can charge depreciation on that asset. The question will then arise how to determine the present value of the asset. My reply is a simple one. Follow the practice of every other country in the world. Do not set aside a big sum for depreciation fund. Abolish it altogether. I have got before me the administration reports of most of the countries of the world and I can give them to my Honourable friend, the Financial Commissioner, as Easter presents filled in an Easter egg. First is the administration report of Switzerland which is supposed to have the best managed State railway. Then there is the report of the German Railways where my Honourable friend will find that any decision of the Government about increase in rates and fares can be appealed on merits to the Federal Chief Justice, Sir Maurice Gwyer, and he can listen to appeals against the Government on the rise in rates and fares. Then, there is the administration report of French Railways. There he will find that whenever the question of rise in rates and fares arises, it is always sent to the superior council of Railways consisting of sixty members. Their decision is always taken into consideration before any attempt is made to raise the rates.

Then, I have the administration report of the Canadian National system of railways in which you will probably find that the rates and fares should be determined by commercial interests commission. There is the report of South Africa where there is a definite rule that you have to charge only so much as you require. You are not expected to make any profit from crimmation.

**Mr President** (The Honourable Sir Abdur Rahim) The Honourable Member can resume his speech after Lunch.

The Assembly then adjourned for Lunch till Half Past Two of the Clock.

The Assembly re-assembled after Lunch at Half Past Two of the Clock, Mr President (The Honourable Sir Abdur Rahim) in the Chair.

**Dr. Sir Ziauddin Ahmad:** Sir, before we rose for Lunch, I was saying that the method of calculating the depreciation fund in our railways is against the practice of every other country in the world, and I was going to present to my Honourable friend, Mr Staug, an Easter present wrapped up in an Easter egg in the Administration Reports of Railways in various countries, and I was also drawing attention to some aspects of these reports which might help us in future. I was discussing the South African administration Report where they have got a very salutary practice of charging as much rates and fares as the expenses would justify, and not to make any money out of transport. Then in the Administration Report of Australia I find a salutary system about the system of appeals. It is not attended to by any railway officer but it is referred to a panel consisting of five representatives of the railwaymen, five representatives of the employees and a police magistrate. The system of depreciation we are following is a peculiar one and does not exist in any other country. They have no depreciation fund. They debit the general working expenses with an equivalent of their requirements every year and they also debit a certain amount for the improvement of general conditions if the funds permit. So they have not fallen into the conundrum into which we have fallen, i.e., putting 1/60th of the capital at charge. If we are going to be different from other countries, why not go forward instead of backward. We have already taken the lead in breaking the traditions of other countries. Take the maximum and the minimum salaries. The maximum in other countries is not more than a hundred times the minimum but here it is five hundred times. This kind of innovation can only be advocated by persons who call themselves businessmen defined already.

There is another point to which I will refer. We have not been supplied this year with a separate account of the strategic lines. The only thing that is given to us appears on page 7 of the budget which deals with railway revenue and expenditure. I cannot find any explanation for one item there, and that is, why is interest charged on the amount of loss in working met from the depreciation reserve fund on commercial lines. It really means that you are debiting the General Revenues by this amount which really is not justifiable. You should have taken from the General Revenues this amount. We have shared your losses in the past and you want us to pay interest on the money drawn from a common pool. You say you borrowed some money from the depreciation fund, then the depreciation fund also had a share of strategic lines as well. For several hours I tried to understand this without success. So I hope the Financial Commissioner will explain this point and it will then be for the Public Accounts Committee to consider whether it is desirable or not and whether this amount of 67 lakhs and 89 thousand debited under this head cannot be brought back to the general revenues.

To summarise, I really want a greater scrutiny of the capital expenditure than the scrutiny that we have exercised in the past and which has not proved to be effective. In spite of the high opinion that I hold about the experts on the Railway Board I must say that they have been very extravagant in their capital programme. We must, therefore, have greater scrutiny and we must have a separate Resolution authorising them to have

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loans from the Government of India. Secondly, the basis of calculation of the depreciation fund is not correct. You have no authority to put large sums of money into the depreciation reserve fund and in that way cheat the general revenues in the same way as businessmen, are cheating the income-tax department by showing fictitious losses and deficits. I think this system of depreciation fund requires very serious consideration.

**Mr. President** (The Honourable Sir Abdur Rahim). The Honourable Member's time is up.

**Dr. Sir Ziauddin Ahmad:** I move this Resolution, in order to draw public attention to these two important defects. This is a thing which cannot be decided by the vote of this House and I ask Government to seriously consider the points raised.

**Mr. President** (The Honourable Sir Abdur Rahim). Resolution moved:

"That this Assembly views with alarm the policy of the Government of India in increasing railway debts by meeting the so-called capital expenditure of unremunerative character by fresh borrowing and recommends to the Governor General in Council to appoint a committee consisting of railway and account experts and non-official Members of the Central Legislature to formulate a sound policy for depreciation and capital expenditure."

**Mr. T. Chapman-Mortimer** (Bengal European). Sir, I move

"That for all the words occurring after the word 'views' the following be substituted

'with some apprehension the effect upon Railway finances of contributions to the Centre on the present scale and recommends that, in view of the recent amendment by Parliament to the Distribution of Revenue Order in Council 1936, the Government of India take early steps to re-examine the resolution regarding separation of Railway from general finances adopted by the Legislative Assembly on the 20th September 1924, and to place before the Assembly such amendments to that resolution as are necessary to ensure a more equitable allocation of the sums available after the payment of interest on the capital-at-charge.'"

**Mr. President** (The Honourable Sir Abdur Rahim). What is your point of order?

**Dr. Sir Ziauddin Ahmad:** It is this that this amendment is practically a Resolution, complete by itself and it has no reference to my Resolution. If such a practice is adopted, then every Member whose Resolution is not balloted can move it as an amendment to any Resolution which is moved. My Resolution is to consider the policy of depreciation fund and capital, that is, the manner of calculation; while my friend, by his amendment, raises the issue of revising the Convention of 1924—the Convention separating Railway Finance from General Finance. He could have tabled a Resolution entirely independently—it certainly is not relevant to my Resolution—the issues are entirely different.

**Mr. T. Chapman-Mortimer:** I submit, Sir, that our amendment is in order on the ground that it is impossible really to consider the important questions which my Honourable friend desires to have examined unless some such amendment as ours is moved.

**Mr. President** (The Honourable Sir Abdur Rahim). Your amendment relates to a different subject altogether?"



**Mr. T. Chapman-Mortimer:** No, Sir. Our amendment relates precisely to the same subject as his own. The question of railway finance is bound up with the Depreciation Fund.

**Dr. Sir Ziauddin Ahmad:** I never raised the whole question of railway finance

**Mr. President** (The Honourable Sir Abdur Rahim). The Chair holds that the amendment which is sought to be moved by Mr. Chapman-Mortimer is not in order. It is not relevant to the motion that has been moved, nor is it within the scope of that motion as laid down in Standing Order 33 (1). The Resolution seeks to discuss the policy of the Government with respect to their borrowings for the purpose of capital expenditure and their policy in respect to Depreciation Fund, while the amendment seeks to raise the question of the Resolution by which the finances of the railways were separated from the general finances, and the Chair finds it very difficult to see what relevance it has to the Resolution that has been moved. It is true, as has been stated by Mr. Chapman-Mortimer, that he seeks by his amendment to raise the general question of the railway finances, but that is not relevant to the motion that has been moved and which is confined to the question of borrowing for capital expenditure and the policy regarding the Depreciation Fund. The Chair, therefore, rules that the amendment is out of order.

The House will now discuss the Resolution as it has been moved

**Mr. B. M. Staig** (Financial Commissioner Railways). Sir, before I come to the main issues raised by the Honourable the Mover, I should like to mention one or two subsidiary points to which he alluded. He desired that the budgetary proposals for capital expenditure should be presented to the House in the form of a Resolution. In regard to this proposal, it is perhaps only necessary for me to remind the House that the proposals for capital expenditure are put before them in a separate demand in the budget and this is open to the criticism of the House in the ordinary way. My Honourable friend also expressed a wish that we should not wear too rosy coloured spectacles when examining new capital projects and he, particularly, alluded to the Kangra Valley Railway. I may say that we approach the examination of new projects in as critical an attitude as the Honourable Member could desire. We find ourselves frequently criticised for so doing—witness the pressure that has been applied to us to take in hand the construction of the Sind-Guzerat Railway project. My Honourable friend also cast some reflections on the adequacy of the part played by the Audit Department in the examination of schemes . . .

**Dr. Sir Ziauddin Ahmad:** On a point of order: I did not cast any reflection. I only gave my definition of audit, for which I alone am responsible.

**Mr. B. M. Staig:** The Honourable Member seemed to me to entertain the belief that it was part of the duty of the Audit Department to examine new schemes. It is not any part of the duty of that department to consider new schemes before they are sanctioned. That is the function of the executive, in consultation with their financial advisers. My Honourable friend also drew some comparison between our policy in regard to capital expenditure and charges to Depreciation Fund on the one hand and the initial

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purchase and subsequent repairs of a pair of boots on the other. I would like him to study our rules regarding the allocation of expenditure between capital, depreciation fund and revenue. He will find them in chapter IX of our State Railways General Code. It will then be clear to him that in no circumstances would the patches put on a pair of boots or even the cost of new laces be charged either to capital or to the depreciation fund. These would be treated as repairs or minor additions and would be chargeable to revenue.

I shall now proceed to deal with the main issues raised by my Honourable friend. In the course of the debate on the cut motion of my Honourable friend from the European Group, the other day, regarding the control of capital expenditure, I explained what steps Government have taken and were taking to check over-capitalisation. I also described the machinery of financial control including the delegation of financial powers to railway administrations and the nature of the instructions issued by us in this regard. It would be an improper encroachment on the time of the House if I were to cover the same ground this afternoon. There are, however, one or two points that have since been raised to which I may appropriately allude in regard to this question of over-capitalisation and unremunerative expenditure. First, regarding the latter. It is sometimes extremely difficult to distinguish between what is remunerative and what is unremunerative. Many schemes for new expenditure, including open line works, show an adequate percentage return on the capital either by way of additional revenue or by the saving of expenditure already being incurred. I read to the House the other day the instructions already issued about schemes of this nature as to the criteria that should be applied in examining them. There are other schemes which, however, cannot be shown to be directly remunerative but which may be urgently desirable in the interest of the travelling public or the railway administration or its employees. The first of these is the provision of amenities for passengers, in respect of these, we show in a separate statement in the memorandum explanatory of the budget each year what we have included under various categories. These possibly unremunerative schemes also include housing for staff. In many projects under this head we do not recover in the way of rent what a private landlord would regard as an adequate return on his outlay. There are also other facilities or amenities for staff which we feel it incumbent on us as good employers to provide within reason—e.g., hospitals and dispensaries and educational facilities, particularly in railway colonies. There are still other cases in which in the interest of the community as a whole it is undesirable for railways to refrain from meeting our share of schemes undertaken to promote the general welfare, for example, a local body embarks on a large sanitation scheme, and because there is a large railway population within the area concerned, asks us to participate. If we refuse, the value of the scheme to all affected may be greatly impaired. It is difficult to assess the return on the expenditure of the nature I have described, in terms of rupees. All that we have hitherto been able to do by way of avoiding any over-capitalisation that might result from it is to charge minor improvements and additions to revenue, and in this regard the House has already been told that we have now decided to raise the limit chargeable to revenue from Rs. 2,000 to Rs. 10,000.

Sir, from certain supplementary questions yesterday in connection with the Kangra Valley Railway, I gathered that there was some doubt on the part of at least one Honourable Member as to what the accounting pro-

cedure was in regard to assets that we might decide to abandon. These were not, I believe, written off prior to 1924, but since the introduction of the convention in that year, on State-managed Railways, it has been the rule to write down capital in respect of such assets by charge to the depreciation fund or to revenue.

I now turn, Sir, to the Depreciation Fund. The Honourable the Mover gave us a very interesting account of its history. I shall allude to one or two points in this history which are particularly relevant to his general contention that the balance of the fund now is more than is required and that our contributions to it are on too generous a scale. As Honourable Members are aware, the balance in the fund at the end of this financial year is expected to stand at 30½ crores, excluding the debt to the fund due by railway revenues of practically the same amount which was advanced from the fund to meet deficits in railway working between 1931-32 and 1935-36. The first point of some importance to be noted is that when the fund was instituted in 1924 no provision was made for arrears of depreciation which had accrued prior to that date. The convention of 1924 contemplated that the railway reserve fund should undertake this liability, if necessary. As the House learnt from the Honourable the Communications Member's budget speech, that reserve, which at one stage accumulated a balance of over 18 crores, has now been depleted to the insignificant sum of ½ a crore. We cannot, therefore, rely at present on the Reserve Fund to bear any liability that it was expected to bear by the framers of the convention of 1924 in respect of depreciation accrued before that date.

Moreover, Sir, it was contemplated in 1924 that the Depreciation Fund would bear only the charge involved in replacing assets at their original cost. The House will remember that two days ago in the debate on the control of capital expenditure, I alluded to a change in the rules approved in 1936 and introduced with effect from the 1st April, 1937, by which the *whole* cost of replacing an asset by a similar asset was thrown on to the Depreciation Fund, as a measure to check over-capitalisation. I explained that if the replacement of an asset costing originally Rs. 10,000 involved expenditure of Rs. 15,000, the whole Rs. 15,000 would now be charged to the Fund, and not only the Rs. 10,000 it was intended that the fund should bear when it was originally created. I stated that if this measure to avoid over-capitalisation had been introduced in 1924, the capital now at charge of Railways would have been 20 crores less. From the point of view of our present debate, the balance in the depreciation fund would also have been 20 crores less, as the fund would have been debited instead of capital. The Railway Inquiry Committee of 1937 drew special attention to this increased burden on the fund, and while approving as prudent the change in allocation decided upon in 1936, pointed out that it constituted a sound reason for making no arbitrary reduction in the rate of contribution to the Fund. Taking the view that the accounting change then made was undoubtedly sound, it might be held by a financial purist that at that time we should have written down capital to the extent of 20 crores by debit to the depreciation fund, in which case the credit balance in the latter would be now only about ten crores. Certain other changes in allocation as between ordinary revenue expenditure and the Depreciation Fund were made in 1936 in the interest of sound finance and with the approval of the Standing Finance Committee and the Public Accounts Committee. I need not detail them but together with the particular change I have just alluded to, their estimated effect was to increase the burden on the fund by about 1½ crores per annum.

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A change was made in 1935 also in the method of calculating the annual contribution to the Fund. It had hitherto been arrived at on the basis of the assumed normal lives of each class of assets, as determined by an enquiry held prior to the creation of the Fund. The basis was changed in 1935 to a flat rate contribution of 1/60th of the capital at charge. This was done as a measure of expediency to facilitate calculation and to give a close approximation to the result up to then obtained. Actually, however, the modification resulted in a reduction of the annual contribution by about Rs.  $\frac{1}{2}$  crore, and not in an increase as the Honourable Member seemed to think.

I have already said, Sir, that the Fund takes no account of depreciation accrued prior to 1924 and it has to be readily admitted therefore that if the fund is to be regarded as a measure of the accrued depreciation of all our assets, the present balance is quite inadequate. If it had not been depleted by borrowing to meet deficits and its balance stood at over 60 crores, it would still be inadequate when viewed from that aspect. If, however, we take the more practical point of view and regard the fund as a renewals fund, Government cannot agree that the fund is unduly large, even though there has been in the past a substantial margin between contributions to it and withdrawals. The Railway Inquiry Committee of 1937 pointed out in the light of those aspects of the history of the fund to which I have alluded, that the fund was necessarily immature and that it is an inevitable characteristic of such a fund that the contributions for many years must exceed the outgoings if the fund is to ultimately establish itself as sound. The balance in the fund was then about 14 crores. The Committee concluded that a normal balance of Rs. 30 crores would not be excessive. It may therefore be asked why, now that we estimate to secure this by the end of this year, we are not content to stop there. There are two arguments which suggest themselves in reply. In the first place, the Committee contemplated another general reserve of 50 crores and also a provision for amortisation of debt. As to the former, we have half a crore only and for the latter it has hitherto been impracticable to make any provision at all. Until the position in these respects, therefore, is on a much sounder basis, it would be highly imprudent to reduce the contribution to the one substantial reserve fund we have. In the second place, Sir, conditions as we see them in regard to probable withdrawals in the years immediately ahead from this fund are not normal. We added substantially to our assets in the years 1924-29, and the full effect of these additions to the capital at charge on the depreciation fund has not yet been felt. Further, in the years of depression from 1930-31 followed by the modest revival in traffic of 1936-37 and 1937-38, rolling stock purchases were severely curtailed, every effort being made to meet any improvement in traffic by the more extensive use of existing stock. Our replacement charges on this account must (if in the conditions that obtain, we can secure new stock to the extent required) be inevitably heavy. This is especially true in regard to locomotives where purchases in recent years have been reduced to a minimum, and the steady demand for which, as now estimated, is an important feature in the case for the establishment of their manufacture in this country. Further, we have recently had before us the views of the Pacific Locomotive Committee in regard to track renewals. After examining the track renewal programmes of various railways over the last ten years, they said that there had evidently been a general falling off in the number of miles of track and track components renewed, that in recent years, administrations had generally hesitated to propose renewals unless compelled to

do by considerations of safety and that there had been in consequence a tendency to prolong the life of material and to wait for easier conditions which, unfortunately, did not seem to be materialising. Government accept this view and we must in consequence anticipate heavier charges on the depreciation fund. There is one other important general consideration which must affect expenditure against the fund in the near future, namely, the substantial rise in the prices of materials. This is so well-known as to require no elaboration, its effect on the revenue budget in the coming year is Rs 92 lakhs.

I have now, Sir, stated the reasons which seem to me to justify the conclusion that any reduction in our contribution to the fund would be highly imprudent. I am respectfully unable to agree with the Honourable the Mover's view that the present arrangement in regard to the depreciation fund is unfair either to the taxpayer, because it reduces the contribution to the general revenues or to the railway administrations and their employees, because according to the Honourable the Mover it reacts on the operating ratio, and by increasing it unduly, tends to lead to retrenchment and so hardship. Any basis of contribution to the depreciation fund that is accepted as wise and prudent from the point of view of railway finance is equally wise and prudent from the point of view of the owners of the railway, the taxpayer and the railway employee. The Honourable Member has on one occasion gone so far as to suggest the abolition of the fund and the allocation from revenue each year of the sum required for renewals and replacements. It is common knowledge that one of the primary objects of the depreciation fund is to spread the burden of renewals and replacements equally over a series of years. Any great variation in the cost of these from year to year—and without the fund great variations would be inevitable—would be equally embarrassing to the general and railway finances and through them to the taxpayer or the railway user. Moreover, without the fund, in a year of financial stringency or in a succession of bad years there may be an undue tendency to reduce expenditure on renewals and replacements to the very grave detriment of railways. Great weight was, I believe, attached to this consideration by those who framed the convention of 1924. Further, the history of railway finance within the last ten years in which the depreciation fund has had to be drawn upon to meet deficits in working, is in itself a most adequate refutation of such a proposal. That experience cannot be ignored. For these reasons I feel that our present practice is sound and that it is unnecessary to appoint a committee to examine the question of capital and depreciation fund expenditure and I, therefore, oppose the Resolution.

**Mr. Muhammad Nauman** (Patna and Chota Nagpur *cum* Orissa: Muhannmadan Rural): I must confess at the outset that the subject is so complicated and so technical that it is really difficult to make any contribution to the discussion. I just want to impress upon the House that because it is so, it is no reason why the Government should refuse to appoint a committee whose report would probably make the situation clearer even to any taxpayer of average intellect or at least their representatives in this House and elsewhere. The simple purpose of the Resolution is that the method of accounting in the railways has been more or less a very complicated system to many of us and we are certainly anxious to understand the real difficulty of the matter and appreciate the great

[Mr. Muhammad Nauman.]

vigilance or the great merit of the people in charge of the finances of the railways, if we are so convinced. You can very well imagine that unless things are explained very clearly to us or to anybody else we cannot even appreciate the real difficulty, if any, or the real work which the Financial Commissioner has been doing. I understood him well when he spoke regarding the purchase policy in respect of rolling stocks. I appreciate the fact that it has been restricted and that more use has been found for the present stock each year. That is something which we certainly welcome, but regarding the policy of piling up the depreciation fund I must confess my inability, my own ignorance in understanding the method of accounting which is only adopted in Indian Railways and in the accounts of no other Railway in the world. With regard to the same I may be wrong, I may not have as much intelligence, unfortunately, as the Financial Commissioner has.

**Sir Abdul Halim Ghuznavi** (*Dacca cum Mymensingh*· Muhammadan Rural) Still you are talking

**Mr. Muhammad Nauman:** It is the duty of the Government to make us understand the things, and probably my Honourable friend, Sir Abdul Halim Ghuznavi, is as ignorant as anybody else in this House so far as this depreciation is concerned as he probably learnt mathematics nowhere. In the ordinary system of accounting in companies and other organisations regarding depreciation, what we understand is this. Supposing a company has purchased a car worth Rs. 5,000 the depreciation in the first year is placed on 5,000 and if repairs are made in any subsequent year, no depreciation is charged after adding amounts of repairs as the expenses on repairs is debited to the repairs account as expense of usual nature. From the example which the Honourable the Mover, Sir Ziauddin, gave, who is a veteran mathematician in this country, I understand he said that the method of accounting is different, it is like this. Supposing a certain stock was purchased for Rs. 1,000 and another Rs. 200 and Rs. 300 was spent on it by way of repairs, the depreciation is charged on the entire amount adding the original value and repairs that is on Rs. 1,500 and no consideration is paid to the present valuation of the particular stock in estimating the depreciation. He described this by introducing the example of a pair of shoes which was originally purchased for Rs. 11 and was valued by owners at Rs. 25 because Rs. 14 was spent on repairs within ten years and depreciation was charged basing the calculation on Rs. 25 instead of Rs. 11.

**Sir Abdul Halim Ghuznavi:** That has been completely answered.

**Mr. Muhammad Nauman:** That is what I wanted to know, what method was followed, and whether the usual practice followed in other concerns was followed or whether a novel practice was being pursued in the Railway Department, or a particular kind of accountancy was being followed.

As regards the borrowing policy I would not say anything. I am sorry I was not in the House when the Financial Commissioner was replying on that part of the subject. I do not want to dilate on it, but I must say that we are paying about  $4\frac{1}{2}$  per cent., which is  $1\frac{1}{2}$  per cent. over the bank

rate. I do not know whether avenues have been explored for conversion of this by floating the loans at a lesser value in order to reduce the rate of interest or have enquiries been made to ascertain reduction by some such other method as would be convenient in accountancy? For these reasons the Honourable the Mover has made his suggestion that a committee should be appointed which will go into all the details and simplify the whole thing and advise the Government and the Honourable Members so that we may appreciate the work of the Railway Board if they are doing the best for us, and they will be able to convince us from the report of that committee that they are doing all in the interests of the railways and the tax-payers, who are the share-holders. With these few remarks, only on the principle of appointing a committee I support the Resolution of my Honourable friend, Dr Sir Ziauddin Ahmad.

**Mr. Umar Aly Shah** (North Madras Muhammadan): I rise to support this Resolution. I have no doubt that a Committee should be appointed to enquire into the railway accounts and other things.

Sir, the Railways have been rightly regarded as a national asset. Some Rs. 800 crores of foreign money have been invested in it. The Railway Department forms the greater portion of our total national debt. So far no effort has been made to provide for the funding and the gradual elimination of this foreign debt by means of rupee loans floated in this country. Interest charges are there to be paid every year. On the other hand, capital expenditure is being incurred each year out of further borrowings, usually abroad. There is no proper management both of the capital expenditure position of the Railways and their annual earnings. This sort of lopsided system cannot continue for ever. The Government are saying that these railways have been provided for the sake of the country, for the sake of business and for the sake of so many other things, but I do not understand what kind of help has been given by the railways. There is unemployment and so many other evils going on but railways did not do any possible help for the country or business or so many other things. The Government have borrowed several hundreds of crores and they have been collecting hundreds of crores as revenue every year. During the last seventy years income has been coming in and Government have been trying to introduce so many new lines, engines, factories and wagons and so many other things. About these, several discussions and questions have been going on for a very long time but I do not want to discuss them. The other day the European Group has dealt with this subject with so many facts and figures. My point is that gold can be converted into iron but iron cannot be converted into gold. Then there is another thing. There is no proper budgeting for railways. These railway people have been asking for supplementary grants for so many things and the depreciation fund has been newly introduced in India. There is no such thing in England or anywhere in the world and I do not understand why it is introduced into India. There is of this fund a sum of Rs. 66 crores and 25 lakhs of which an amount of Rs. 35 crores are in liquid resources. Well this money is lying as dead capital. The Honourable Member said that this is going on as a moratorium. Why should this moratorium be in existence alongside of the Depreciation Fund? If in the ultimate analysis this Depreciation Fund has been arrived at out of the normal surpluses of railway revenue derived in the normal manner, I would not find difficulty in tolerating its existence while railways were

[Mr. Umar Aly Shah.]

unable to pay their normal contributions to general revenues under the 1924 Separation Convention, the Depreciation Fund is being operated on in more than one duration. Why does not the Communications Member do a real service to the country by reducing the top-heavy administrative expenditure which has become notorious in this country and utilise its savings for very beneficent purposes. He can also do something to help the position of the smaller employees. But why should the country be asked to agree to increased rates and fares and keep quiet when Sir Andrew Clow wants to fritter away its yield on his depreciation fund, etc. This is the kind of reply from the Government. I say that there are loopholes. When Federation comes, there will be the Statutory Railway Authority and our facilities for discussion will be reduced. This sort of question should now be decided for the sake of the businessmen. This sort of agitation has been going on for a long time and I want a committee to be appointed to go into this. I support this motion.

**Mr. T. Chapman-Mortimer:** My Honourable friend, the Mover of this motion, has made a charge against the Government of India that in increasing railway debts by meeting the so-called capital expenditure of unremunerative character by fresh borrowing they have been doing something which is very wrong and improper. He further suggests that a committee should be set up to go into the whole matter. Well, after what the Honourable Member, the Financial Commissioner for Railways has said, I think it must be clear to all Members of this House that no question in fact arises such as has been alleged to arise by my Honourable friend, the Mover of this motion. It is perfectly clear from what Mr. Staig has said that the railways are in fact pursuing a policy of conserving their resources and not dissipating them and piling up more debts as my Honourable friend, the Doctor, suggests. In regard to his proposal that we should set up a committee to examine this whole matter, he is seeking there to do something through this House, or a committee partially representative of this House, which is properly the function of the executive and I for one and also the Members of this Group would strongly oppose any proposal to take away from the executive a responsibility that is properly theirs. Therefore, I oppose the motion.

**Sir Abdul Halim Ghuznavi:** Mr. President, I do not want to talk on a subject which I do not understand as my Honourable friend, Mr. Nauman, has talked and taken 15 minutes of our time. He confessed that he did not understand it. It was a technical subject and it is difficult to understand but still he went on talking for 15 minutes on a subject which had nothing to do with this Resolution.

**Mr. Muhammad Nauman:** I made the confession that I did not understand.

**Sir Abdul Halim Ghuznavi:** I am talking on a subject which I understand. Now, what does this Resolution want? It says: "This Assembly views with alarm the policy of the Government of India in increasing railway debts by meeting the so-called capital expenditure of unremunerative character by fresh borrowing" and so on. Now, I question this. It is not a fact.



**Mr. Muhammad Nauman:** What is the harm?

**Sir Abdul Halim Ghuznavi:** Mr President, you have several times taken me to task for not addressing the Chair and addressing other Members. I, therefore, refrain from addressing my Honourable friend to whom I could have given a complete reply.

**Mr. President** (The Honourable Sir Abdur Rahim): That is no excuse for the Honourable Member not addressing the Chair.

**Sir Abdul Halim Ghuznavi:** I deny this statement about the policy of the Government of India in increasing railway debts by meeting the so-called capital expenditure of unremunerative character by fresh borrowing. I dispute that fact

**An Honourable Member:** How can you dispute a fact?

**Sir Abdul Halim Ghuznavi:** I am sure the Honourable the Mover of this Resolution has appreciated the answer he has received from the Honourable the Financial Commissioner.

**An Honourable Member:** Have you?

**Sir Abdul Halim Ghuznavi:** He has given a complete answer. After that my impression was that there would be no further speech and the Honourable the Mover will withdraw the Resolution but two other Honourable friends of the Muslim League Party went on talking and that brought me on my legs. Sir, we are getting very much afraid of our friends . . . . .

**An Honourable Member:** Are you?

**Sir Abdul Halim Ghuznavi:** . . . the Members of the Muslim League Party. It is difficult in this House, with a House of about one hundred and forty-five Members of which not more than five or six belong to the commercial community or have anything to do with commerce, and when one Member of the Muslim League Party who was a commercial magnate, but who has now retired from commerce and he is . . . . .

**Sir Muhammad Yamin Khan** (Agra Division . . Muhammadan Rural): Is the Honourable Member in order in talking about a Party, Sir? Is he talking about the Resolution?

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member had better confine himself to the Resolution.

**Sir Abdul Halim Ghuznavi:** I am talking, Sir . . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): But the Honourable Member need not make any reflection upon any Party.

**Sir Abdul Halim Ghuznavi:** I am not making any reflection, I am making my position clear, *viz.*, that we want more business men to understand the business. One Member of the Muslim League Party who was a big business magnate has now retired and has taken a new portfolio under the All-India Muslim League and he is now the Foreign Secretary of the All-India Muslim League. He is now dealing with the Muslim Kingdoms

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member had better confine himself to the Resolution before the House

**Sir Abdul Halim Ghuznavi:** The difficulty is that the other Members who are not in business do not understand. (Interruptions)

**Sir Muhammad Yamin Khan:** You please make some contribution on the Resolution itself

**Sir Abdul Halim Ghuznavi:** The contribution that the Honourable the Mover made on this Resolution I have listened to with very great attention and I have also listened to the answer that he has received and I am of the opinion that the Honourable the Mover should withdraw this Resolution. Sir, I oppose this Resolution

**The Honourable Sir Andrew Clow:** Sir, the matter has been so fully dealt with and so lucidly dealt with by my Honourable friend, the Financial Commissioner, that there is very little that I need add. In fact, if Mr. Nauman had been in the House when Mr. Staig was speaking, he would have found an answer to the question that he has raised, the answer being that Sir Ziauddin Ahmad's analogy regarding the boots and his suggestion that if small repairs are made they are always added to the capital cost at charge were erroneous. Mr. Nauman suggested that a Committee would have the great advantage of making financial questions intelligible. Well, I have, not being a financier, studied financial questions for many years and I do not think that there is any royal road to their understanding without a great deal of hard work. I would not profess to be an expert by any means and there are a great many things, when financiers get talking about them, that I am afraid I do not find simple to understand; but I do not think that the addition of one more Committee would make everything lucid and plain. We have of course the Public Accounts Committee, which has done fine services to us in the past and out of which some of the reforms that Mr. Staig mentioned have come. I wish I could suggest to Mr. Nauman that he should wait for Sir Ziauddin Ahmad's book when everything would be plain, but I am a little sceptical whether even that will make the whole matter lucid. I gathered this morning that we were to be deprived of a paragraph which would otherwise have been included in that and I hope sincerely it is the paragraph about the boots.

Then, I think, Mr. Nauman also asked about our rates of interest. Do we pay a fixed rate of interest, or do we get the advantage of movements in the money market? Well, the answer is that on the older capital. I think prior to about 1916-17, we pay a fixed rate, which is, I think, three and a half per cent.; thereafter we pay at the average rate

of borrowing—a method which means that we get some advantage as the interest rates go down. In fact during the Budget discussions this year it was made clear that we expect to pay less interest next year than we have paid this year. On the other hand, of course, if interest rates go up, we start paying a little more. Mr. Umar Aly Shah asked why we had not paid off the whole of the capital at charge? Well, Mr. Staig explained that we have not been able, much as we should have liked it, to put anything aside for amortisation, but here, speaking without expert financial guidance, I would suggest that it is not very sound to pay off, at any rate in any reasonably short time, a large sum of this kind. It would mean that this generation would be taking on itself a burden quite out of proportion to its deserts, and would be attempting to hand over to its children a big asset without any charges on it representing the capital. I think Sir Ziauddin Ahmad will support me there and say that that is not a sound financial proposition.

Finally, Sir, I cannot support this Resolution for the simple reason that he asks me to view “with alarm” our own policy, and I do not think that there is any cause for alarm. Allusion has been made to the spending in past years when we were all a great deal younger than now and when the world appeared to be a great deal more hopeful than it is today. I do not think we can really criticize the decisions taken in those years, unless we try and throw ourselves back into the atmosphere that then prevailed. It was a time when most people, officials as well as non-officials, hoped that we were on the eve of an enormous expansion, and of a period of great prosperity, and it was then that these heavy additions were made to the capital at charge on the Railways. Nor would I suggest that those additions will not to a large extent bring in a return; in fact they are doing so already. But in the course of these large spendings, undoubtedly there were investments which, possibly with better knowledge and certainly with later knowledge, we should not have made. In recent years we have, perhaps as much from necessity as from virtue, followed a much more conservative policy. The capital at charge is not growing at a rate which should cause anyone alarm; and, as Mr. Staig explained, we are taking steps to ensure that in the future, the scope of the additions will be even smaller. I believe that for the last five years the additions to the capital at charge amount to about 10·3 crores, and that, as the House will recollect, includes the purchase of at least three small Railways. I submit that in our present policy, which is largely constrained by circumstances, there is at least no cause for alarm. There might be a little despondency at the world situation but not at our financial arrangements.

**Dr. Sir Ziauddin Ahmad:** Sir, I raised one or two points in my original speech and I had been waiting to hear some reply. The very important question that I raised was that the depreciation fund of the kind we have in India does not exist in any other country.

**The Honourable Sir Andrew Olow:** I am sorry I did not mention that point. Of course, I did not expect that point to be explained. I have not got the figures with me but I believe the Honourable Member is incorrect.

**Dr. Sir Ziauddin Ahmad:** In which other country does it exist?

**The Honourable Sir Andrew Clow:** There are depreciation funds elsewhere.

**Dr. Sir Ziauddin Ahmad:** In India, of course I have got the statistics of all those before me and I can make a present of them to my Honourable friend. The book is called *Statistiques Internationales des chemins de Fer* where they have separated the expenditure under the heading of the supervision, traction, maintenance of track, etc., There we find that there is no column for the depreciation fund. I pointed out in my opening speech that so far as India is concerned, they were compelled to put this depreciation under the 'Miscellaneous account' and raised it to 25 per cent. So, if it had existed in any other country besides India, then the "Miscellaneous account" here would also have been raised to this level. The Honourable Member for Communications said that there are other countries where depreciations are put in a separate column as we do in this country. May I ask him to produce administration reports in support of his contention and then I will correct my book with apology. I am presenting Easter gifts. Will he give me the reports he mentioned as Easter present.

Then, with regard to the point raised by my Honourable friend, Sir Abdul Halim Ghaznavi, I would like to quote a paragraph from the report of the Retrenchment Committee of 1931. In paragraph 119 they said:

"The total expenditure on new construction from 1924-25 to 1930-31 is over 42 crores, and it is the interest charges on this capital and on the capital sum on Open Line Works which amounts to over 105 crores in the same period (exclusive of 15 crores for the purchase of existing lines) which have contributed to a great extent to the condition in which railways find themselves at present. We consider that this ought to be a lesson to the Railway Board for the future."

Although it is old history but the practice of setting aside a big amount under open line works still continues. During this period they have raised their capital by 150 crores. There is one point to which I would like to draw the attention of the Honourable Member for Communications, the Financial Commissioner and the House together. It has been admitted on the floor of the House that the depreciation fund is being utilised for meeting the deficits. It is being utilised as if it was a reserve fund.

**The Honourable Sir Andrew Clow:** Was being, not is being.

**Dr. Sir Ziauddin Ahmad:** I am not talking of the present year, now because he has already provided sufficient money by raising the rates and fares. But I am talking of those days when the conditions were not so favourable. According to our Convention of 1924, this is the order in which money ought to be paid. First, the working expenses, then, the depreciation fund, then, the contribution to the general revenues and then comes the reserve fund. So, by shifting the reserve fund to the depreciation fund, you are really cheating the general revenues. This is the point which I brought forward in my first speech and I wish my Honourable friend, Mr. Chapman-Mortimer, will get up and give me an answer to this particular question. This is just the way in which business men tackle this problem. They cheat their shareholders, they cheat their consumers and they also cheat the Income-tax Officer.

**Mr. T. Chapman-Mortimer:** Is it right, Sir, for one Honourable Member to make such charges against another Honourable Member?

**Mr. President** (The Honourable Sir Abdur Rahim): I am sure, the Honourable Member did not mean any personal reflection.

**Dr. Sir Ziauddin Ahmad:** I take him as the personification of business and I take myself as the personification of the poor consumer. I wish to have a clear answer to this question. By shifting the responsibility and the functions of the reserve fund to the depreciation fund, they evade the payment to the general revenues of the country. This is the kind of thing to which every Financial Commissioner, as the representative of the Finance Department, as the representative of the taxpayer of the country and as the representative of the people of India ought to say: "No the obligation to the general revenues is first and any kind of appropriation to the reserve fund comes afterwards."

Then, Sir, I would like to mention another point. In every country there is a separate item for the avoidance of debt and we have got this item in our general finance also. So, why don't you also open another column under the head 'avoidance of debt'? You cannot debit all the losses like the dismantling of the Kangra Valley and similar other items under the head of depreciation fund under any scheme of accountancy. They ought to be debited under the head known as payment of debt—avoidance of debt.

Now, Sir, my Honourable friend quoted the authority of the Wedgwood Committee's report. I do not want to criticise the Wedgwood Committee's report but so much I must say that it took only one-sided evidence. I offered myself to give evidence but they did not invite me. They said they had no time to listen to me. When the Committee took evidence only from the railway people and refused to take evidence of those who did not see eye to eye with them in certain matters, how on earth can we rely on the report of that Committee? I do not want to go further. The report has already been expressed on the floor of this House.

There was some amusing remark made by my Honourable friend, the Communications Member, about my book but I can assure him that as soon as it is ready, he will have the first copy.

**The Honourable Sir Andrew Clow:** Thank you.

**Dr. Sir Ziauddin Ahmad:** As I said before, the object of my Resolution was really to draw the attention of the Government and of the public to this state of affairs. Matters of this kind cannot be disposed of in a day and I hope they will consider this question seriously and take proper action when the suitable opportunity arises. But my Honourable friend, the Financial Commissioner, did not mention that particular item regarding the strategic lines. That was unfair. Probably he will explain it to the Public Accounts Committee when the matter goes there, as we are bound to discuss this question on the floor of the House when the report of the Public Accounts Committee comes to us.

[Dr. Sir Ziauddin Ahmad.]

As I said before, I did not move this Resolution in order to obtain the vote of the House. I simply wanted to draw the attention of the Government to certain points on which I was feeling so strongly. I beg leave of the House to withdraw the Resolution.

The Resolution was, by leave of the Assembly, withdrawn.

#### RESOLUTION RE PICTURE GALLERY FOR NEW DELHI.

**Sir Muhammad Yamin Khan** (Agra Division: Muhammadan Rural):  
Sir, I beg to move

"That this Assembly recommends to the Governor General in Council that he may be pleased to take immediate steps to build a house as Picture Gallery in New Delhi and put in it pictures of Indian Art"

Sir, this Resolution of mine is one of a series of Resolutions which I had tabled for the purpose of making improvements to New Delhi which is now the Capital of India and which, by a recent decision of the Government to curtail the size of the exodus to Simla, is becoming more and more important a town. Up to last year New Delhi used to be a sort of winter residence of certain classes of people and at the approach of summer people used to run away from this place. Now, New Delhi will be populated throughout the year, and when the Government have taken this decision, they should also take steps to encourage learning and to spread education. By encouraging art in this town, education may be imparted in an indirect method. Picture gallery to my mind is a great asset to any big town. The art of a country can only be developed if the whole art is placed in one particular place. Artists have been poor people and they could not, in the past, afford to exhibit their arts properly to the great advantage of the country. We know that India is quite rich as far as artists are concerned. India has got her own art. We have got some rich people who have got aesthetic taste also. Unfortunately, in many cases, art is dying out, and especially these rich people who can afford to patronise fine art, instead of doing so, go about for cheap articles which they probably import from outside India. I have seen in some houses a very fine picture, nice oil painting, sometimes nice water-colour painting of great value side by side with a cheap print put up on a costly frame. That shows that some people have got some kind of taste for art, but still they have not got it so much developed as to distinguish between a good picture of art and a cheap one. A thorough knowledge of art could be imparted by establishing a Picture Gallery or arranging picture shows annually. If you have any kind of show put up at the Connaught Place by certain artists, then they will bring their pictures for a short time and they will collect some small entrance fee. In such shows people do not take full advantage and they do not get their artistic tastes developed properly. But if you have a Picture Gallery where the pictures can be looked into throughout the year and they can be brought from all over India then outsiders like Americans or people from Europe will come and appreciate our art which owing to discouraging elements is now dying out. If you establish a Picture Gallery, you will be reviving this art. We will also find patrons among Indians to encourage this art. The producers of these artistic pictures will be given good impetus. I submit that the artists in India can compare very-favourably with the artists of other countries. In

Europe we find that amongst Italians and the French art has developed to a great extent, they can produce fine works of art. People from other countries of Europe and people from America pay fabulous sums for Italian and French art pictures. We know that India had a lot of people who could beat the European artists. In India we have places like Ellora and Ajanta caves which are fine specimens of the artistic taste of India in olden times. Even at the present day we find some good artists in Delhi, but they are languishing for want of patronage.

In Delhi art consists mostly in paintings on ivory and water colour and we find that some of the finest pictures are produced of the Moghul families on small ivory. As regards fineness, these can compete with any other productions in the world. Delhi fine art has got its own originality and it is a pity that we do not find in Indian houses—even rich Indian houses—any good Indian art pictures. If we go to rich people's houses, we find only foreign stuff. Even in the palaces of big Maharajas which are built in Delhi you find only foreign pictures. Indian art is not finding its proper place as it ought to. We find that Indian States like Jaipur, Hyderabad and Kashmir have got great artists in those States. If they had properly been encouraged, they would have produced works of art of great value which will add to the wealth of this country. Unfortunately our rich people are not encouraging but rather neglecting this thing. Even today we find that a man can produce a picture of a member of a Moghul family as was done 200 years ago. He can only copy and can make nothing new because there is no market for his work. It is the duty of the State to afford encouragement to these people and add to the wealth of the country. Sir, a Picture Gallery has been devised by some people who have formed an association of their own. I am not a member of it but I think they have not got sufficient means and only depend on the generosity of a few philanthropists. But such a thing should not be left to the public. Government should contribute to the expenses of the building and its upkeep so that it may not only add to the beauty of this city but invite contributions from other people in the shape of works of art. Another thing is that the building should not be a copy of America but should be entirely oriental in outlook, not a copy of the Imperial Hotel but something original and attractive.

[At this stage, Mr. President (The Honourable Sir Abdur Rahim) vacated the Chair which was then occupied by Dr. Sir Ziauddin Ahmad, one of the Panel of Chairmen.]

**Sir Abdul Halim Ghuznavi** (Dacca cum Mymensingh: Muhammadan Rural). If the building be a copy of the Taj, will that satisfy you?

**Sir Muhammad Yamin Khan:** The Honourable Member knows that he is talking something which he does not mean.

So it should be modelled on the buildings of Delhi and if Government do not come forward and leave it to the public it will spoil the beauty of the city rather than improve it. Also, the Picture Gallery should be alongside the Museum. There should be an all-India Museum and also a library, for the purpose of education. There should also be a zoological garden where some creatures from Simla may be brought down for the benefit of those who do not want to go up there. These should all be located in a place where people may get the full benefit of them. I am

[Sir Muhammad Yamin Khan]

told that the Central Asian Museum we have here is not properly patronised. If you place it in a corner and people are not even aware of its existence and in an unattractive building, it is not the fault of the people. In all big towns these things are placed in a prominent place in the centre of the town where there is easy access. In London the British Museum is in the centre of the city and the Picture Gallery is situated in Trafalgar Square, in the heart of the city, so that people get the benefit of education by going there. Here you locate it in a corner which is 45 minutes' walk from Connaught Place. I suggest that this Picture Gallery should be located in a central place, within easy reach of Old and New Delhi. It should also be open at all hours so that people who attend offices may attend it. If it is kept open only during office hours and closed on holidays the people who attend the offices will not be able to get any benefit out of it.

My Resolution may present some difficulty because I talk of "immediate steps" being taken, but I do not mean that a building should be immediately erected. I only desire steps to be taken for putting this scheme into operation. I know the present war situation and financial difficulties prevent Government from undertaking any building operations on a large scale in New Delhi, but if they agree with the principle underlying this Resolution and will undertake to erect a Picture Gallery as soon as funds become available, I will be satisfied. I will be glad if Government accept the proposition and agree to find money for it at a future date. Sir, I move

**Mr. Chairman** (Dr. Sir Ziauddin Ahmad) Resolution moved

"That this Assembly recommends to the Governor General in Council that he may be pleased to take immediate steps to build a house as Picture Gallery in New Delhi and put in it pictures of Indian Art."

**Mr. Lalchand Navalrai** (Sind Non-Muhammadan Rural). Sir, the

4 P.M. Resolution wants the immediate building of a Picture Gallery in New Delhi. I support it from the artistic point of view. If he wants it from the point of view of a lover of beauty, a 'shonki', I have every sympathy with him. Art in any direction should be encouraged. India is very rich in this ancient art and people from all parts of the world come and admire and purchase pieces at exorbitant prices. I have seen Sindhi merchants making large profits out of this in western countries. They show these pictures to American tourists in Egypt and Port Said and get very good prices for them. From another point of view also, these are ancient arts and they show how India was rich in intellect and education in the old days and I would support the Resolution. But from the economic point of view, my Honourable friend has himself given away his case. He has withdrawn his demand for the immediate building of the gallery. At this moment when we see so much unemployment all round and Excess Profits Bills being imposed on us, I say "Why not wait?" I can assure my friend that the Government will help him in this project when they have money. Just as in the western countries, we ought to have Picture Galleries. But this is not the time. I would certainly request the Government to bear in mind the necessity of having this Picture Gallery especially at the capital city.



My Honourable friend said something about the exodus to Simla being curtailed and perhaps he was then thinking of the live Picture Galleries on the Mall in Simla and he wants some such galleries here also. . . .

**An Honourable Member:** Do you mean the Scandal Point?

**Mr. Lalchand Navalrai:** You may call it anything you like when I was going to the Pusa Agricultural Institute I found on the way a board called "The Lovers' Lane" If that is what my Honourable friend wants, there are already live pictures in Connaught Place in the evenings Sir, I would request the Honourable Member to wait as this is not the time for pressing the Resolution.

**Sir Abdul Halim Ghuznavi:** Mr Chairman, may I inform my Honourable friend behind me at once that I am opposing this Resolution? After you, Sir, moved this morning that very important Resolution—and we had to give very serious consideration to it—it was indeed a great pleasure that we had recreation after the morning and after the one hour that was spent this afternoon over your Resolution Sir Muhammad Yamin Khan wants a building for a Picture Gallery in Delhi, the Capital of India, and then he described the arts of India and how they are not preserved by the Indian States in their temporary residences in Delhi, quite forgetting that they preserve all their arts in their own States, in their palaces. He really wants a Picture Gallery or an institution which is known in Paris as the Hall of all Nations

**Sir Muhammad Yamin Khan:** Has the Honourable Member seen that?

**Sir Abdul Halim Ghuznavi:** My friend has seen it, and so he knows all about it

**Mr. Lalchand Navalrai:** Don't expose each other

**Sir Abdul Halim Ghuznavi:** Now, why does my friend want a building? Not only that he wants those pictures to be hung on the wall, but he also wants a building in addition to those pictures to be hung there. Then he proceeded to describe the kind of building he wants, the style and so on. But he realised, proceeding further with his speech, that this was not the appropriate time to ask the Government of India to spend money that way and, therefore, he halted and asked them to take immediate steps to build a house, and then added that if the Government of India agreed to this proposal on principle, then they could keep it back. My friend said that wherever one went in Europe one saw Picture Galleries and the Hall of Nations. . . .

**Sir Muhammad Yamin Khan:** I did not say anything about the Hall of all Nations . . .

**Sir Abdul Halim Ghuznavi:** A Picture Gallery and a Hall of all Nations are the same thing.

**Sardar Sant Singh (West Punjab Sikhs):** Whose opinion are we to accept?

**Sir Abdul Halim Ghuznavi:** Leave it to the Chairman to decide.

Sir, it would appear that Lady Yamin Khan has perhaps got tons of money and she does not know how to spend it, and this suggestion from my friend really means that he wants a gesture from the Government and Lady Yamin Khan finds the money. Sir, may I request the Honourable the Education Secretary to approach Lady Yamin Khan to place the money at his disposal to make a Picture Gallery, and we will go and visit it. But please do not construct it now. Build it after the war is over, otherwise Government will have to order for sand bags for its protection. Don't forget that the Nazi war and the Soviet war are still going on; don't have more buildings, because they will have to be protected with sand bags. Of course, that will be to our interest in Bengal. Sir, this is a Legislative Assembly, and not a school debating society, and I think, Sir, this sort of Resolution should not have been brought forward seriously to be discussed on the floor of the House.

**Sir Girja Shankar Bajpai** (Secretary, Department of Education, Health and Lands): Mr Chairman, the Honourable Member who has just resumed his seat has shown himself in the role of a philistine. I think, perhaps for the first time in my experience. He tried to suggest that the transition from your Resolution, Mr Chairman, to this was a descent from the serious to the ridiculous. I have no doubt that my friend, Sir Muhammad Yamin Khan, would most stoutly oppose any such suggestion. In fact, the least that he would be prepared to accept as a compromise would be that this is a change from the serious to the sublime. (Hear, Hear) And I certainly do not propose to treat the proposal of my friend with quite the same degree of light-hearted facetiousness as my friend, Sir Abdul Halim Ghuznavi, did, although I confess that I greatly enjoyed the way in which he commented upon this Resolution.

Sir, before the Session started I remember my office sending up to me a batch of Resolutions of which my friend had given notice. One was about the establishment of a museum, another was about the establishment of a zoological garden, a third was about the establishment of a library, and then there was the Resolution which figures on the order paper of the day. I suppose the thread connecting all these is the educative value of them all,—the educative value of a museum, the educative value of a zoological garden, the educative value of a library and so on. Well, now, I had a rather witty Under Secretary once who, commenting upon a proposal, which came from the North-West Frontier Province Government, to the effect that the Zoological Garden in Peshawar should be continued, said that he was not a believer in the educative value of Zoological garden, because he did not think that either monkeys or the carnivora were calculated to impart to anybody education that was of any value. I do not know whether my friend takes quite a serious view of the educative value of a zoological garden. In any case, I am sure he will agree with me that it would be nothing short of a tragedy to locate a zoological garden in the neighbourhood of his Picture Gallery. If that happens, you might have a Zebra or a Giraffe working havoc inside the Picture Gallery, and that, considering the very slender resources of the Government, would, I am sure, not be acceptable to the Finance Department, assuming that one could persuade the Finance Department to find money whether for a museum or for a Picture Gallery.

Now, Sir, before I pass on to the serious part of what, I hope, is going to be a very brief speech, I should like to tell my friend, Mr Lalchand Navalrai, that while I agree with a good deal of what he said, I do not agree with the suggestion that the pictures with which the ordinary passenger passing through Port Said is importuned as he descends from the boat could be suitably displayed either in Delhi or in any other place in any public gallery.

Now, Sir, as I said, to pass from not the ridiculous, but from the amusing to the serious, Government from time to time have considered the project of establishing in New Delhi a museum. At first the idea was that it should be an Archaeological museum. Then suggestions were made that throughout India there was no anthropological museum, and so we said we should have the two together. But, at no stage to be quite candid, have we taken into account the possibility of having a Picture Gallery here. But after all, Sir, painting is one of the fine arts, and if we are to have a museum here, it might be worth while examining the possibility of including in our plans for a museum some place where pictures could be housed. And, I am quite prepared to give the House an undertaking that, when our plans for the museum mature, then this idea will be borne in mind. In fact, we well realise that, apart from the pictures, very fine pictures indeed, examples, if you like, of the miniature paintings of the Moghuls, the paintings of the Rajput School and so on, that apart from medieval Indian painting, whether of the Rajput or the Islamic school, there are very vigorous schools of modern painting in Bengal, Bombay and other parts of India, and that if Government could afford the money, it would be desirable to acquire the best examples of these to constitute a national collection to be housed, appropriately enough, in a suitable building in what we consider to be the national capital of India, namely, Delhi. But for the financial considerations which my Honourable friend himself recognises the importance of, it is quite impossible for me to give an undertaking that we would take immediate steps in that direction. I will just mention a couple of figures to emphasise the validity of my objection. When we first took into account the cost of a purely archaeological museum, in 1914, the estimate was Rs 15 lakhs. In 1925, when the ethnological part of the museum was to be added, the estimate went up to Rs. 24 lakhs. With rising prices of building material and so on, it is pretty certain that if we were to act upon the proposal for immediate action to establish a museum we would be running somewhere to the neighbourhood of Rs 60 or 70 lakhs. I am quite sure that every section of the House, and my Honourable friend in particular, will realise that this is not the time when Government could, in reason, be expected to embark upon an expenditure of this kind. I hope that the expression of sympathy that I have given to my Honourable friend would be sufficient for the day and unto the day and that he will not press his Resolution.

**Sir Muhammad Yamin Khan:** The most entertaining of all the speeches that have been made on my Resolution was that of my Honourable friend, Sir Abdul Halim Ghuznavi. He told the House this morning when Mr Nauman was speaking that people should not speak on a subject which they do not understand. But this afternoon my Honourable friend himself showed that from the very beginning of the day he has been violating the principle which he has laid down for others. He had been talking on all sorts of subjects in which he exhibited gross ignorance. The Resolution, on which he rose to speak last time, was too serious for him to understand..

[Sir Muhammad Yamin Khan.]

and he simply wound up by saying that people could not understand the subject, therefore, he did not want to speak on the Resolution. But he went to the greatest limit this afternoon when he tried to mix up my Resolution with the House Of all Nations in Paris which he had visited.

**Sir Abdul Halim Ghuznavi:** I did not do that

**Sir Muhammad Yamin Khan:** He said that the Picture Gallery which I proposed should be put up in Delhi, and then the excuse he gave was he has become too old to enjoy the pictures. I am not deterred by such kind of speeches, they do not affect me in any way. I am too old a parliamentarian to be taken in by all that. Many buffooneries I have seen in this House like the one exhibited today. I had great enjoyment from his speech, and because Sir Abdul Halim Ghuznavi is also opposed to going to Simla, for the benefit of that class, I had suggested that a museum be established where they can have some creatures imported from Simla and they may have the enjoyment of associating themselves with those creatures to which they have been accustomed for a long time. That finishes the funny part of the affair.

I am thankful to the Honourable Secretary of the Education Department for the promise that his Department will give full consideration to this question when the scheme for putting up a museum in Delhi comes up for consideration. He realises that it has got a great educative value, and that a museum and a Picture Gallery in New Delhi are desirable. I am glad that the Department is alive to the need of spreading education in this town, and that they are not going to be led away by those light-hearted gentlemen who in spite of having lost the vigour of their youth still want to make the debate lively and happy as they did this afternoon. I am afraid Sir Girja Shankar Bajpai did not understand me rightly, and if I have given this wrong impression I am very sorry, because I never meant it, that the zoological garden should be housed side by side with the Picture Gallery. It was far from my mind to make any such suggestion. What I said was that the Picture Gallery and the museum should be located side by side and the museum and the zoological garden can be located as far apart as possible and not side by side. After having this assurance I do not think that I should waste the time of the House any more, and so I ask leave of the House to withdraw the Resolution.

The Resolution was, by leave of the Assembly, withdrawn.

**Sir Syed Raza Ali** (Cities of the United Provinces : Muhammadan Urban): Sir, in conformity with the decision of my Party, namely, the Muslim League Party, I have decided not to move this Resolution\*.

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\*"That this Assembly recommends to the Governor General in Council that the objective of His Majesty's Government being the achievement by India of full Dominion Status, namely, Dominion status of the Statute of Westminster variety, coupled with a desire to make the intermediate period the shortest practicable as an immediate earnest of His Majesty's Government's intention, a decisive scheme be devised and acted upon with speed and vigour to do away altogether with distinctions between Britishers and Indians in the Indian army, navy and air force and train the latter to undertake the entire defence of their country within a fixed period."

## RESOLUTION RE ENACTMENT OF LABOUR LEGISLATION ON CERTAIN LINES.

**Mr. H. A. Sathar H. Essak Sait** (West Coast and Nilgiris Muham-madan). I move .

"That this Assembly recommends to the Governor General in Council to take immediate steps for labour legislation providing the following points

- (a) A representative of workmen should sit on the Boards of Directors and Boards of Management (if any) of all the public companies
- (b) No company should be permitted to declare more than 6 per cent dividend to be distributed among the share-holders. If the dividend falls short from the bank rate of interest in any year it should be treated as a liability to be made good from the profits of the future years
- (c) The surplus profit after paying the working expenses depreciation, dividend to share-holders and other taxes should be deposited in a Benevolent Fund, which should be available for the benefit of workmen, other employees, and the shareholders in specified proportion. The Benevolent Fund should be independent of the Provident Fund, if any, and it should be administered by a Committee, which should include a nominee of the Government and the representatives of workmen and of the Board of Directors
- (d) No person connected with the management of the Company should get more than two thousand rupees in salary and allowance with the exception of experts who may be appointed for a short period.
- (e) The profit should not be spent on capital expenditure without the consent of the Committee of Management of the Benevolent Fund "

In moving this Resolution, I quite realise that my Resolution seeks to revolutionise, I should say, the policy of the Government of India with regard to the industrial development of this country. My Resolution in fact tries to give a new direction to the industrial policy of the Government of India. Hitherto, the policy of the Government of India and of this House has been to see that through adequate protection the industrialist is secured a good profit. That has been the policy, I believe, for the last 20 or 25 years since the policy of protection was accepted by this House and the result has been very encouraging. There is no doubt about that. Our industrialists under this policy of protection have been making good profits and it has to be admitted that the industry of the country is in a fair way. What I seek to do today is to bring to the notice of the country, through this House particularly, the need of considering certain other aspects of this same question. We have secured to the industrialists a fair percentage of the profits and I think the House will agree with me that the time is ripe when we must see that the other interests connected with industry should also have their share of our attention. From many of the questions put in this House it has been made clear to the Members of the House that in certain industries the profits earned by the companies have been more than fair. There were questions particularly from you, Sir, which pointed out the exorbitant profits that were being made by certain protected industries. Therefore, it is felt that the time has come when we should see that at least such industries which are making really big profits should be compelled—that is the idea—to distribute a portion of that profit . . .

**An Honourable Member:** Sir, there is no quorum in the House.

(The bell was rung.)

[At this stage, Mr. President (The Honourable Sir Abdur Rhaim) resumed the Chair.]

**Mr. President** (The Honourable Sir Abdur Rahim): As there is no quorum, the House stands adjourned till tomorrow.

Before the House adjourns, the Chair would like to remind the House that tomorrow the House will meet at five o'clock, specifically for the purpose of the presentation of the Budget by the Honourable the Finance Member and, therefore, according to the convention which has now been established, questions will be dispensed with tomorrow.

The Assembly then adjourned till Five of the Clock on Thursday, the 29th February, 1940.

# LEGISLATIVE ASSEMBLY

Thursday, 29th February, 1940.

The Assembly met in the Assembly Chamber of the Council House at Five of the Clock, Mr. President (The Honourable Sir Abdur Rahim) in the Chair.

## MEMBER SWORN.

Sir Gurunath Venkatesh Bewoor, C I E , M L A. (Director General of Posts and Telegraphs).

## STARRED QUESTIONS AND ANSWERS†

### (a) WRITTEN ANSWERS.

PROMOTION OF OFFICIATING DIVISIONAL ACCOUNTANTS BY THE ACCOUNTANT GENERAL, BOMBAY.

**241. \*Pandit Krishna Kant Malaviya:** Will the Honourable the Finance Member be pleased to state.

- (a) whether the Accountant General, Bombay, issued orders promoting officiating Divisional Accountants under his office order No. 13, dated the 16th July, 1925, and ordered the promotions to take effect from the date of his orders;
- (b) whether 15 appointments of Divisional Accountants on temporary establishment under Resolution No. P -190/56/1657, dated the 31st March, 1924, were created from the 1st July, 1923, and the Chief Engineer, Lloyd Barrage and Canals Construction, was authorised to increase the number to 29 as and when necessary under Resolution No. P.-190-56-18522, dated the 8th December, 1924,
- (c) if the reply to parts (a) and (b) be in the affirmative, against which vacancies the promotions were ordered by the Accountant General Bombay;
- (d) whether it is a fact that by giving effect to the orders of promotion from a date later than the date of creation of appointments some of the Divisional Accountants out of those promoted under the Accountant General's order mentioned in part (a) above are suffering a progressive loss in the shape of postponed increments due to their proceeding on leave with or without medical certificate during the interval—i.e., the date of creating the appointments and the date of promotion;
- (e) whether it is a fact that orders were issued for promoting Divisional Accountants to the substantive permanent posts under his No. W. M. A. E./26, dated the 12th September, 1936, so as to take effect from the 13th November, 1934, the date from which substantive permanent posts were created;

† The question hour having been dispensed with, the answers to starred questions for this day were, in pursuance of convention, laid on the table of the House—E. of D.

- (f) if the reply to part (e) be in the affirmative, what are the reasons due to which the Accountant General, Bombay, has treated the persons promoted by him in his Office Order No. 13, dated the 16th July, 1925, differently and thus put them to progressive loss, and
- (g) whether Government are prepared to instruct the Accountant General, Bombay, to revise his orders in those cases in which the officiating Divisional Accountants proceeded on leave with or without medical certificate during the interval between the creation of appointments and the date of promotion, i.e., the 16th July, 1925?

**The Honourable Sir Jeremy Raisman:** The information is being obtained, and will be laid on the table of the House in due course

#### LEAVE RULES FOR WAR ESTABLISHMENT EMPLOYED BY GOVERNMENT.

**242. \*Mr. M. Ghiasuddin:** (a) Will the Honourable the Home Member be pleased to state if war establishment engaged by the Government of India (including the Supply Department) are subject to the same rules in the matter of leave as the permanent establishment? If so, what leave, if any, has been enjoyed by such establishment?

(b) What measures, if any, have been taken to stop the grant of leave to such personnel in view of the emergency of war?

**The Honourable Sir Reginald Maxwell:** (a) I understand the Honourable Member to refer to the personnel employed by the Government of India to deal with the increased work arising out of the war. No special leave rules have been framed for such staff. Those who are already in Government service are governed by the rules in force at the time of their appointment. Those specially recruited are governed by the Revised Leave Rules, 1933, which are reproduced in Appendix 7-A of the Volume II of the Posts and Telegraphs Compilation of the Fundamental and Supplementary Rules.

(b) None. The Government of India do not consider that leave should be stopped entirely and propose to permit their officers to take leave within the limits consistent with the maintenance of efficient administration.

#### THE BUDGET FOR 1940-41.

**The Honourable Sir Jeremy Raisman:** (Finance Member), Sir, in presenting this my first budget, I am mindful of the proverb that no man is a prophet in his own country. Having spent the greater part of my adult life and the whole of my working career in India, I cannot hope to be credited with the unusual qualities which are often attributed to the newcomer, nor yet can I claim the indulgence which is often extended to the novice. I might perhaps have appealed for some measure of sympathy by reason of the special difficulties which have beset my first year, for to have to reckon with war, a few months after taking office, is a good deal worse than the normal lot of a Finance Member. But when I look round the world as it is today, and observe the formidable problems which confront those in charge of public finance in other countries, and not merely in countries at war but even in the



less fortunate of the neutral countries, I can, at this stage, utter no such appeal. For whatever be the difficulties of the task to which I have had to address myself, they are greatly mitigated by the favourable economic conditions in which India has hitherto found herself in spite of, or rather I should say by reason of, the outbreak of war. In fact the story I have to tell relates mainly to a period in which a modestly improving rate of economic progress, restrained by fear of the consequences of an actual outbreak of war, was succeeded by what was almost a tide of war prosperity, subject to occasional setbacks from rumours of the possible supervention of peace. There is, no doubt, something repugnant to our human susceptibilities in these reactions of the 'economic man' to the tragic issues which are being fought out on the world stage at this moment, but it is my business to deal with facts and figures and the atmosphere of the market place, and we must console ourselves with the reflection that the full utilization of India's material resources is an important element in ensuring the victory of that cause on which alone rests the hope of our civilization.

The most effective index of Indian economic development during the first six months of the War is afforded by the price-levels of those staple export commodities, upon which the cash-income of the ryot so largely depends and variations in the prices of which, therefore, affect both the volume of employment and the buoyancy of the revenues, particularly of Provincial revenues. Taking the category of the chief articles of export as a whole, their prices to-day are some 40 per cent. higher than they were just before the war broke out, even when account is taken of the fall in jute and cotton prices which accompanied the recent deflation of speculation in these commodities. This rise in prices reflects, for the greater part, an increase in the demand for India's products abroad—in many cases a direct increase, in others an indirect increase, through additional calls upon India's manufacturing capacity for products of many kinds. I need only instance the impressive figures which the Department of Supply issues from time to time, relating to orders placed. Although such orders are to some extent in substitution of others, nevertheless, the expansion of war demands must exercise a beneficial influence both on raw material prices and upon industrial activity. As the new crops come on to the market, the higher prices realized will, of course, mean that industry will benefit from the larger money-incomes through increased purchases; these increase the general level of industrial employment, which, in its turn, increases the purchasing power of the urban population.

The primary impulse to the economic upswing now in progress is the foreign demand for India's products, but an investigation of the price situation as a whole shows that, except in one or two isolated cases, there are no notably divergent tendencies. The fact that there is no such marked difference in the trend of the prices of raw materials, of industrial commodities, of food, etc., is a welcome indication that the different branches of the national economy are moving forward in fair unison and that there is no need to fear, for the present at any rate, a lop-sided development with serious cleavages of interest. It is as well to remember, however, that the continuance of this situation depends upon continued command of the sea: without the ability to export freely, the present level of export prices could not be maintained. Up to the present, the development of overseas trade has been eminently satisfactory and the cessation of our trade with Germany has been more than neutralized by the expansion of trade elsewhere. In the first ten months of the present fiscal year the value of our exports of merchandise has amounted to Rs. 1,71 crores, an increase of Rs. 31 crores over the previous year. Imports have failed to rise to the same extent, and have amounted to a total of Rs. 1,34

[Sir Jeremy Raisman]

crores. Including transactions in treasure, the net result is that India's total visible favourable balance of trade has increased from Rs. 26 54 crores to Rs. 60-63 crores.

#### FINANCIAL YEAR, 1938-39

When history is moving at the speed at which it moves to-day, the record of a year which closed so long ago as last March must possess even less than the customary interest. I must, however, present it, and address myself herewith to a brief exposition of the financial results of the year 1938-39. In our revised estimates for that year we had expected to end with a deficit of Rs. 2,65 lakhs, but in the event this proved to be no more than Rs. 64 lakhs. This unexpectedly satisfactory result was due to an improvement of Rs. 1,51 lakhs in revenue and a reduction of Rs. 50 lakhs in expenditure.

On the revenue side the yield of Customs and Central Excise Duties improved considerably in the last months of the year, by 37 and 41 lakhs respectively, while Taxes on Income produced as much as Rs. 1,24 lakhs more than our revised estimate. Of this striking increase in Income-tax Rs. 56 lakhs were due to less refunds than estimated. Certain large claims were not completed during the year, and in other cases the sums due for Double Taxation Relief proved much lower than the amounts refunded in the previous year. But the main rise of Rs. 68 lakhs was due to increased collections of tax. I may add here that in view of the position disclosed by these large variations, the existing system has been re-examined and it has been decided to organise in the office of the Central Board of Revenue from the next financial year a special Statistical Branch. The assessment and collection returns sent in by the local officers have been revised and simplified so as to render them more useful for budget purposes and the returns will in future be received direct by the Statistical Branch and will be compiled by mechanical process. By this means figures of actual monthly collections will be available within a few days of the close of the month and this will make it easier to appraise more accurately the trend of income-tax revenues. At the same time, the opportunity has been taken to recast the form in which the annual Income-tax statistics are published, and to make them more intelligible and therefore more useful for general as well as for official purposes.

The main benefit of this increase in Income-tax receipts, as distinct from Corporation Tax receipts, accrued of course to the Provinces, and provided a set-off to the fall in the net contribution from the Railways. For reasons which have already been explained to the House, the Railway surplus proved to be Rs. 68 lakhs less than was anticipated. Thus while we had expected that Rs. 1,12 lakhs would be payable to the Provinces for 1938-39, the amount turned out to be Rs. 1,53 lakhs, in addition to which there were arrears of Rs. 38 lakhs due from 1937-38. As the sum distributed to the Provinces in March 1939 was Rs. 1,50 lakhs, there is thus left a balance of Rs. 41 lakhs to be paid to them along with their share for the current year.

#### FINANCIAL YEAR, 1939-40

That is all I have to say about the year which closed last March, and I now come to the current year 1939-40 which will close at the end of next month. Here our revised estimates show a net improvement of Rs. 5,08 lakhs in revenue, and a net deterioration of Rs. 4,20 lakhs in expenditure as compared with the budget estimates. Of this increase in expenditure Civil Estimates are responsible for only Rs. 10 lakhs, despite various extra charges of a civil nature

which the war has imposed on us, and practically the whole of the additional expenditure involved has been on account of the Defence Services. Thus while the budget estimates provided for a nominal surplus of Rs. 3 lakhs, we now expect to end the year with a balance of Rs. 91 lakhs.

### *Revenue*

I need hardly emphasize that the conditions under which the budget estimates of revenue were framed last year and which with slight modification persisted till the end of August underwent a striking change on the outbreak of war. Until then our revenue receipts were well up to expectation. But with the outbreak of war our Customs receipts, which are responsible for more than half our total revenue, registered a catastrophic fall, due to the interruption of trade with belligerent countries and the dislocation of shipping. This fall was shown with unmistakable clearness in the returns for October and November, but, fortunately, the sharpness of the drop has been mitigated to a considerable extent in the succeeding months. As compared with August 1939, imports dropped by 24 per cent. in September and 31 per cent. in October, but they revived appreciably in November and the more recent returns show that this recovery is being maintained, thanks to the steady improvement in shipping facilities brought about by the action of the allied Governments, and to the gradual adjustment of trade to the new conditions. In the result, if we exclude the effect of the duty on sugar, which was not strictly allocated between customs and excise, our revised estimate for Customs is Rs. 41 lakhs lower than the budget estimate instead of being well above it as seemed at one time probable. Against this adverse effect on our public finance we must of course set the great stimulus which war has given to the trade of the country. To this influence is due the increase of Rs. 65 lakhs under Salt, Rs. 21 lakhs under Currency and Mint, and Rs. 1,48 lakhs in the Railway surplus. At the same time Taxes on Income show a further rise of Rs. 81 lakhs on the improved actuals of the previous year, which serves to increase the share payable to the Provinces from the budgeted Rs. 1,78 lakhs to an anticipated Rs. 2,38 lakhs.

### *Customs and Central Excise Duties*

Despite the fall in Customs already mentioned, the total receipts from Customs and Central Excise Duties combined are now expected to be Rs. 1,14 lakhs better than the budget estimate. This is mainly due to the variation in the receipts from sugar which is responsible both for the principal increase under Customs as well as for the main decrease under Excise. For the total revenue from both Excise and Customs duties on sugar, which at the time of the budget was estimated at Rs. 4,20 lakhs, had not been precisely apportioned between the two heads, the nominal figure of Rs. 4,00 lakhs being entered under Excise and Rs. 20 lakhs under Customs. In the event our forecast of this most variable source of revenue proved to be too low. With domestic production about 1,00,000 tons less than we reckoned, and imports correspondingly larger, the receipt from Customs duty is now put at Rs. 3,90 lakhs, while the Excise duty is expected to produce Rs. 2,00 lakhs by the end of this year.

If we exclude this head of revenue, which is always one of the most difficult to forecast, the Customs returns for the first six months of the year were running only slightly higher than the budget estimates, while the Excise returns omitting sugar showed only a slight decrease. I have already mentioned the striking change which occurred with the outbreak of war. All imports from

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Europe were adversely affected, and while certain supplies were restricted and delayed by the lack of shipping, others derived from belligerent countries were completely discontinued. The estimates for such articles as machinery, metals, paper and silk fabrics have thus had to be written down by between 30 and 40 per cent. for the remaining six months of the year. Other commodities, however, whose import is not affected by the war, have maintained their former levels or have actually recorded increases. Thus motor spirit and kerosene, mainly imported from Burma, continue to show their normal steady improvement, while tobacco, spices and artificial silk show small increases.

The increase in the duty from silver from Rs. 33 lakhs to Rs. 1.55 lakhs deserves special mention. This is almost entirely due to the sales of Government silver from the Bombay Mint to meet the demands of the Indian bullion market. As is well known, the Government of India had been holding very large stocks of silver. These stocks could not be sold in the open market without forcing the price down to an extent which would have had a disastrous effect on the value of the holdings of silver in which the savings of the rural population had been extensively invested. When, however, on the outbreak of war an embargo was placed on the import of silver from non-sterling countries, and a marked rise in price took place in the London market, the position was entirely changed; it has since been possible to sell about 65 million ounces of silver from our surplus stocks to meet requirements, which were mainly on Indian account. Measures have also been taken with the aim of stabilising the price at a reasonable figure. These sales not only satisfied the internal demand without recourse to appreciable imports from abroad, which would have involved an unnecessary expenditure of foreign exchange, but produced a large amount of ready cash, which though taken as a credit to capital, as will be explained later, has materially assisted our ways and means position. At the same time since the price charged for Mint silver included an amount equivalent to the import duty which is credited under the Customs head, these sales have also brought about a fortuitous increase of Rs. 1.22 lakhs in our Customs revenue.

The decline in the import of cotton fabrics of British manufacture appears to have been accentuated by war conditions, but there is a slight set-off in the increase recorded in the cotton fabrics imported from other countries. The drop in the proceeds of the jute export duty at a time of increased demand for raw jute and large orders for sandbags and other jute manufactures is mainly due to the shipping difficulty, though it is also clear that the very high prices previously in force had sharply restricted orders from abroad. However, with the recent decline in prices to more reasonable levels, orders from foreign countries may be expected to re-appear and on the assumption that sufficient freight space will become available in due course, next year's estimate of the export duty, and, consequently, of the shares paid to the Provinces concerned is put at the same figure as was adopted for the budget this year.

Under Central Excise Duties there is an addition of Rs. 8 lakhs on account of the cess levied on coal and coke which, though credited to revenue in the current year, has to be paid to the Coal Mines Stowing Board in the following year.

#### *Taxes on Income*

The new high level in the yield from Corporation Tax and Income-tax reached in the year 1938-39 and largely due to improvements in the administration has carried on into the current year and has been further augmented by increases due to the passing of the Income-tax Amendment Act. Our revised estimate for the total yield from all taxes on income, including Corporation

Tax and other elements entirely Central, is thus placed at Rs. 18,09 lakhs which is Rs. 81 lakhs more than the actuals for 1938-39 and Rs. 1,55 lakhs higher than the estimate of Rs. 16,54 lakhs adopted at the time of the last budget. As regards the amount payable to the Provinces, the pool of divisible income-tax has increased from Rs. 12,65 lakhs to Rs. 13,76 lakhs. But in place of the previous arrangement by which the Centre retained from the moiety, which is to be ultimately provincial, an amount sufficient to bring its own share *plus* the Railway surplus to Rs. 13 crores, the Order in Council has now been amended so that in each of the three years beginning with the current year the Centre is to retain from the provincial moiety the fixed amount of Rs. 4,50 lakhs, which is approximately what the Centre would have retained according to the budget estimate for the current year. The justification for this alteration in the Niemeyer formula is of course the complete change in the financial situation brought about by the war. The Centre has had to shoulder the entire burden of the increased expenditure on Defence and an appreciable amount of extra civil expenditure arising from the war, while there has been very little corresponding increase in provincial expenditure; at the same time the Centre's chief source of revenue, namely, the receipts from Customs duties, has been adversely affected. It would therefore have been anomalous if increased income-tax revenue, largely derived from these same war conditions, had accrued entirely to the Provinces, as it would have done under the old formula which also gave the Provinces the whole benefit from the increase in the Railway surplus. According to the revised formula now adopted the share of the Provinces on account of the current year will increase from the budget figure of Rs. 1,78 lakhs to Rs. 2,38 lakhs and with the arrears of Rs. 41 lakhs due for 1938-39, the amount for distribution to the Provinces at the end of March will become Rs. 2,79 lakhs.

#### *Other Revenue Heads*

There is an increase of Rs. 65 lakhs under Salt which is mainly due to the larger clearances effected by the salt dealers whose tendency is to increase their stocks in times such as these. Consumption, however, does not vary appreciably from year to year, so that any extra revenue obtained this year is likely to be off-set by a corresponding reduction in receipts next year. Under the head 'Mint' there is a gain of Rs. 33 lakhs due to the larger profits obtained from the circulation of small coin, the absorption of which has very rapidly increased in the last few months, but this is partly off-set by the decrease of Rs. 15 lakhs in the Government's share of the Reserve Bank's profits which are taken under the head 'Currency'. The net contribution from the State-owned Railways, which has in the last two years been a factor in the calculation of the Provinces' share of Income-tax, will, as already explained, now accrue in its entirety to the Central budget. There is an increase in the estimated surplus from Rs. 2,13 lakhs to Rs. 3,61 lakhs, which provides a welcome addition to our resources.

#### *Posts and Telegraphs*

The budget and revised estimates for the Posts and Telegraphs are as follows :

	Budget, 1939-40.	Revised, 1939-40.
	(In lakhs.)	
Gross Receipts . . . . .	11,62	12,48
Working expenditure and interest charges .	11,63	11,62

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Although we had expected to close the year with a small deficit, the present indications are that we shall actually have a surplus of nearly Rs. 86 lakhs. Already in the earlier months of the year revenue was steadily on the up grade. But with the outbreak of war, almost all important classes of traffic showed abnormal increases, particularly telegraphs, and there was at the same time a rush on the telephone lines due to increased Government business and to activities in the share and money markets. The surplus now expected is thus almost wholly due to conditions in the earlier months of the year and it is gratifying that the Department expects to cope with this increased traffic—though sometimes under conditions of considerable difficulty—while keeping its expenditure within the sanctioned grant of the year.

Honourable Members are aware that with the commercialisation of the accounts of the Posts and Telegraphs Department the arrangement has been that the Department pays to general revenues interest on its losses and receives a rebate of interest on its profits. Under the existing arrangement, therefore, this surplus will accrue to general revenues, but as the losses incurred in previous years have now been paid back in full except for a final Rs. 7 lakhs, the net surplus of Rs. 79 lakhs will in effect form a reserve for the Posts and Telegraphs Department on which interest will have to be paid. To this extent the general taxpayer is obtaining immediate relief by incurring a future liability, a procedure which could of course not be extended indefinitely. It will be realized that as the present surplus is almost entirely due to the increased traffic resulting from the war, it must at this stage be regarded as of a transitory nature, and it would be unwise to base on it a policy of rapid expansion of the activities of the Department, or of reduction in existing rates

#### *Expenditure*

*Defence Services.*—The outbreak of war has, as might be expected, seriously disturbed our estimates for the Defence Services and the task of estimating India's defence expenditure during 1939-40 has been rendered peculiarly difficult by the fact that it was not found possible, until very recently, to arrive at a settlement with His Majesty's Government regarding the principles to be followed for the purpose of allocating expenditure arising in India out of the war, between Indian revenues and the revenues of His Majesty's Government. Experience gained in dealing with a somewhat similar problem that arose in connection with the war of 1914-1918 showed the extreme importance of arriving at some broad basis of allocation which, while being fair to both parties, would obviate the serious accounting difficulties, prolonged controversies over questions of incidence, and delays in final adjustment, which arose during, and continued for many years after, that war. The circumstances of the present war differ in many respects from those of the last war, and the problem to which I have just referred has become a much more difficult one. One development that adds more than any other to its complexities has been the acceptance by His Majesty's Government and the Government of India shortly before the outbreak of war of the proposals of the Chatfield Committee for the modernisation of the Army in India, an event of the highest importance and significance from the point of view of the defence of India though overshadowed for the time being by the war. Those proposals have already been made public and for my present purpose it is only necessary to recall their two main financial features, namely, the arrangements for meeting the capital and recurring costs of the modernisation measures involved, and the conception of joint responsibility for the external defence of India underlying the whole scheme.

It will be recalled that the capital outlay on modernising the Army in India, estimated at Rs. 45.77 lakhs, was to have been provided by His Majesty's Government, three-fourths as a free gift to India and the balance of one-fourth as an advance to be repaid on easy terms. It was anticipated that the average net recurring cost of the Defence Services during the five-year period allotted for carrying out the proposals would not exceed the level of Defence expenditure obtaining immediately prior to modernisation because there would be substantial savings during the first two years which could be devoted to meeting excesses in the later years.

The outbreak of war necessitated a review of these calculations. The programme of modernisation had necessarily to be adapted to the needs of the situation which then arose, and the review of the programme which had to be undertaken on the outbreak of the war coupled with the rise in prices since the war resulted in a great increase in the capital and recurring cost of the scheme over that previously envisaged and in the disappearance of most of the savings that were expected to accrue during the earlier years of its execution. It was therefore clear that the terms of the original financial settlement which contemplated an ordered and balanced programme of modernisation extending over a period of years would inevitably require reconsideration. It will also be recalled that the Chatfield proposals postulated the acceptance by the Government of India of joint responsibility with His Majesty's Government for the external defence of India and in accordance with this principle provided for the earmarking of certain portions of the Defence Forces in India for purposes of external defence and a consequential increase of £500,000 in the amount of the annual grant made by His Majesty's Government towards the cost of maintaining the Defence Services in India in peace. It was stipulated that whenever circumstances should make it necessary to employ the whole or any portion of India's External Defence Forces outside Indian limits in the discharge of India's joint responsibility for her external defence, India should accept some share of the costs of doing so. In any settlement of the problem of incidence of war expenditure, therefore, this stipulation has to be borne in mind, since these External Defence Forces are now being employed overseas on duties connected with India's external defence. The position is further complicated by the fact that further troops other than those forming part of the External Defence Forces have been and will probably continue to be sent overseas and these troops generally speaking have to be replaced in India. In India itself heavy expenditure has also been incurred in mobilising to full production and in increasing the manufacturing capacity of our ordnance factories for the production of war stores of all kinds and in building up stocks. There is also a very substantial increase in our defence expenditure owing to the putting into force of various war measures, some of which, such as those relating to censorship, port and coastal defence, internment of enemy aliens, etc., are purely Indian liabilities, while others such as the expansion of various recruiting and training organisations, headquarters offices, etc., may be regarded as joint liabilities to be shared between the Indian and Imperial Governments.

In view of all these complicating factors it was felt that it would be quite impracticable to arrive at an accurate assessment of the defence expenditure chargeable to Indian revenues by a meticulous application of the principles laid down for the allocation of such expenditure between India and His Majesty's Government under peace conditions. Not only would such a course involve an immense amount of clerical work and consequent expenditure but it would revive all the difficulties experienced in connection with the accounts of the

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last war in an aggravated form. The matter has formed the subject of prolonged discussions with His Majesty's Government who shared our desire to simplify the arrangements and eliminate controversial elements to the utmost extent possible. An agreement on the subject has now been reached under which the whole of the defence expenditure incurred by India will be apportioned between the two Governments on the following basis. India is to bear—

- (1) a fixed annual sum representing the normal net effective costs of the Army in India under peace conditions, *plus*
- (2) an addition to allow for rises in prices, *plus*
- (3) the cost of such war measures as can be regarded as purely Indian liabilities by reason of their having been undertaken by India in her own interests, and
- (4) a lump sum payment of one crore of rupees towards the extra cost of maintaining India's External Defence Troops overseas.

The total amount by which the net annual defence expenditure incurred in India during the war years will exceed the aggregate of items (1) to (3) will be recovered from His Majesty's Government. The question of the disposal of surplus war stores has also been considered. During the war there will be accumulated considerable quantities of war stores of all descriptions which will be surplus to peace requirements when the war is over. The liquidation of these stocks will inevitably be attended with loss and it has been decided that the incidence of this loss should form the subject of negotiations between the two Governments after the war. In the meantime the whole cost of these surpluses is being met by His Majesty's Government. There remains a further element of defence expenditure to be considered, namely, that on non-effective charges for pensions and gratuities. The allocation of these charges is still under discussion between the two Governments. This settlement has been devised with two objects in view. The first object was to limit India's financial liability in connection with the war to such measures as are within her financial capacity and have clearly been or will be taken for the local defence of India itself, reckoning, of course, as such a measure the continued maintenance of the Army in India although only on its peace-time scale. The second object was simplicity, resulting in the avoidance of expense and dispute in the day-to-day application of the terms of the settlement in practice. Item (1) of the settlement has been evaluated at 36,77 lakhs, being the net budget estimate for our Defence Services in the year 1939-40, namely 45,18 lakhs after excluding from it non-effective charges of 8,41 lakhs which have been excluded from the settlement. I would emphasise that this item of 36,77 lakhs in the settlement is not an estimate of any specific expenditure on our Defence Services such as was the budget estimate of 45,18 lakhs for the year 1939-40 from which it is derived, but has now become a mere lump sum financial adjustment between the Government of India and His Majesty's Government fixed for the duration of the war. It is not a summation of details of estimated expenditure, and consequently in the budget as presented to the House no details are shown against it. The second item in the settlement is self-explanatory and will be arrived at by the application to the relevant figures of the normal budget, from which item (1) is derived, of percentages representing rises in prices from time to time worked out in consultation with the Economic Adviser to the Government of India. It is really part and parcel of the normal maintenance costs of the Army in



India but has been shown separately from item (1) for the sake of clarity because its amount is not fixed but will vary with variations in price levels. The third item, namely, those measures which we must pay for ourselves, will as far as possible be determined by direct accounting but where this presents serious difficulty, the amounts debitable to India will be assessed on the basis of estimates. I trust that the House will appreciate that the safety of the country may be endangered by the publication of too much detail concerning the measures included in this item or their cost. Nevertheless I realise that Honourable Members are entitled to such information concerning these measures as can be disclosed without divulging knowledge contrary to the public interest, but I hope that, bearing this qualification in mind, they will be satisfied with only a broad indication of their nature.

The measures are designed to place India in a state of preparedness against attack and are dictated by ordinary prudence. Thus, the Indian Territorial Force and Auxiliary Forces have been mobilised and are either already fulfilling their appointed rôle or are ready, at a moment's notice, to do so. Certain Indian State Forces have been called on either to undergo periods of refresher training or to take their appointed place in our defences. Certain miscellaneous units, not usually held in peace, but included in our mobilisation plans, have been formed and mobilised. The offer of His Highness the Maharaja of Nepal to place at our disposal a contingent of his troops largely at his own expense provides a valuable addition to our resources. It will be remembered that during the last war the Maharaja of Nepal also generously supplied a large contingent of trained regular troops which did admirable service in active operations on the Frontier. Training of all arms of the service has been expanded and intensified and additional training schools have been established. The censorship of mails has been put into effect and undesirable aliens have been placed in safe custody. Certain measures of port defence and of local Naval Defence have been taken and as the House is already aware, a Volunteer Auxiliary Air Force has been established. All these measures necessitate buildings for the accommodation of the additional forces and of stores, and expenditure on such works has been provided for. The payment represented by item (4) was included in the settlement in pursuance of the principle of India's joint responsibility for her external defence on which the Chatfield settlement was based. It must be remembered that His Majesty's Government, for their part, have agreed to continue to implement during the war, at greatly enhanced cost to them, the Chatfield programme for the modernisation of the Army of India. The payment towards the extra cost of the External Defence troops will be made in the current financial year. I trust that the House will agree with me that the settlement which has been reached is favourable to India and has been conceived by His Majesty's Government in a generous spirit. It is of course inevitable that India's Defence Budget should increase even though this country is not at the moment directly involved in active operations. Even a neutral country cannot escape the effect of rises in prices resulting from the war and must moreover in times like these take such precautionary measures as are within its means to safeguard its position by mobilising its resources both of men and materials where necessary. It is devoutly to be hoped that such measures as we have taken will prove in the event to have been unnecessary, but, of course, I cannot even hazard a guess at what the future has in store for us, nor at what further measures it may be found imperative for us to take. The settlement has been brought into force with effect from the 1st April, 1939, since its introduction in the middle of a financial year would have given rise to serious difficulties.

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The revised estimates of Defence expenditure for 1939-40 framed on the basis of this settlement work up to Rs 49,29 lakhs made up as follows :

	Rs. (In lakhs)
(1) Normal peace budget . . . . .	36,77
(2) Effect of prices on (1) . . . . .	25
(3) Indian war measures . . . . .	3,86
(4) Non-effective charges . . . . .	8,41
	<hr/> 49,29

The increase of 25 lakhs for non-effective charges is due to a change in the classification of Special Unemployed pay from effective to non-effective, which, in practice, will only be operative in the current year. The budget figure of Rs. 45,18 lakhs has thus undergone an increase of Rs. 4,11 lakhs, of which Rs. 35 lakhs is due to disturbances in Waziristan and the balance of Rs. 3,76 lakhs represents the effect of the war on India's defence budget during 1939-40. I have already given an indication of the broad details of this increase. The contribution of Rs. 1 crore, to which I have already referred, has been included as an Indian war measure as a matter of budgeting convenience.

#### *Civil Estimates*

With the increased co-ordination and control necessitated by the war, the activities of most of the Departments of the Central Government have expanded and Government has also had to undertake a number of fresh activities for which special controlling authorities have had to be created. The most important of these from the point of view of finance is the Department of Supply, which was set up immediately before the outbreak of hostilities for the development and speedy procurement of supplies essential for the prosecution of the war. Though not itself a purchasing organisation, the Department directs and co-ordinates the various purchasing organisations of the Government of India and is establishing an increasingly close contact with the Provincial Governments and Indian States. Its main purchasing agencies are the Indian Stores Department and the Contracts Directorate, the cost of whose war expansion is a charge against its budget, and it has associated with it a number of Liaison Officers and Advisers to Government for the various industries and trades concerned; these are rendering valuable services on a voluntary basis, receiving only their own travelling expenses and a small monthly grant for office staff and contingencies. In the first five months of its existence the Supply Department has received orders from His Majesty's Government, from France, Australia, New Zealand, South Africa, Egypt, Palestine and many other countries amounting in value to over Rs. 14 crores, the largest orders in addition to munitions and military equipment being for sandbags, blankets, cotton and leather goods, steel work, cement and other building materials. The expenditure on the entire organisation to deal with these orders is estimated at about Rs. 7½ lakhs in the current year, of which about half is on account of the two main purchasing agencies. But as a charge of three per cent. is levied on all supplies made to overseas authorities, including His Majesty's Government, it is expected that the expenditure will be covered by the fees realised on these orders which are shown as additional receipts in our revenue accounts. It has also been necessary to appoint a Controller of Enemy Firms and Custodian of Enemy Property, and to incur expenditure of about Rs. 2 lakhs in connection with interned enemy subjects.

Other emergency measures are the establishment of the Censorship organisation, the appointment of a Director General of Information and the formation of the War Transport Board to control and co-ordinate all forms of transport including shipping. In making these fresh appointments I can assure the House that considerations of economy were fully borne in mind and that the principle followed was that there should be no increase in pay merely on account of transfer to a war post and that a higher salary should only be sanctioned where the definite assumption of more responsible and arduous duties justified such extra remuneration.

The Government of India also became liable for a number of further items of war expenditure, for many of which they have had to make either payments to the Provinces for the work done by them, *e.g.*, in connection with foreigners and the censorship arrangements, or grants-in-aid for special purposes, such as Air Raid Precaution schemes. The total estimated cost of this special war expenditure borne by Civil Estimates comes to Rs. 16 lakhs for the current year.

A further appreciable item of fresh expenditure this year has been the cost of the famine relief measures undertaken in Ajmer-Merwara and Delhi. Owing to the failure of three successive monsoons, relief works had to be started in Ajmer-Merwara last August and the number of workers employed increased each month till it reached the figure of 200,000 in January. The wages to be disbursed to the labourers then amounted to Rs. 6 lakhs a month. To deal effectively with expenditure of this scale it became necessary to create a separate Famine Division. With nearly 40 charges to be organised and with the distressed population swelled by large numbers of labourers and their dependents from the neighbouring States, the cost is likely to be not less than Rs. 16 lakhs this year.

Under charges for Interest we now expect a welcome reduction of Rs. 39 lakhs as compared with the budget estimate for the current year. This is mainly due to the saving of Rs. 34 lakhs effected by the conversion operations carried out in the current year and to the further reduction of Rs. 48 lakhs in the amount of bonus paid on Post Office Cash Certificates due to the lower rates of interest carried by the certificates now being presented for encashment. Against these reductions there has been an increase of Rs. 33 lakhs in the discount on Treasury Bills; for there was a larger gap between revenue and expenditure to be filled by temporary borrowing at the beginning of the war and somewhat higher rates of interest have also been in force.

Thus, our Revised Civil Estimates for the current year are expected to amount to Rs. 37,56 lakhs, as compared with the Budget estimate of Rs. 37,46 lakhs. With the net Defence Expenditure placed at Rs. 49,29 lakhs, our total expenditure is estimated at Rs. 86,85 lakhs as against our total revenue of Rs. 87,76 lakhs. We therefore expect to end this year with a surplus of Rs. 91 lakhs, the result of increased contributions from the Railways and the Posts and Telegraphs. In the ordinary course this surplus would have constituted an automatic addition to the provision for the avoidance or reduction of debt, but in view of the special difficulties of the forthcoming year I shall ask the House to transfer the surplus of the current year to a Revenue Reserve Fund. It will thus be available to help out the finances of 1940-41.

#### FINANCIAL YEAR, 1940-41

I now come to the financial year, 1940-41. Our total revenue estimates amount to Rs. 85,43 lakhs as compared to Rs. 87,76 lakhs in the revised estimates of this year. This includes the greatly increased sum of Rs. 5,31 lakhs

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which the Railways are expected to contribute to general revenues next year under the operation of the Railway Convention. As Honourable Members will recollect from the speech of the Railway Member, this amount is based on the full contribution of Rs. 4.41 lakhs for next year, which is one per cent. of the capital at charge less the loss on strategic railways, *plus* the arrears of contribution amounting to Rs. 90 lakhs from the current year.

### *Revenue*

*Customs and Central Excise Duties*—Next year's budget estimate for Customs and Excise combined is Rs. 46.00 lakhs against the current year's revised of Rs. 50.07 lakhs, a decrease of Rs. 4.07 lakhs. There is first of all a reduction of Rs. 90 lakhs in the yield from the duty on sugar due to the larger anticipated production of indigenous sugar and a consequent decrease in the probable imports from abroad. Then we have to exclude the additional customs revenue from silver to the extent of Rs. 1.20 lakhs over and above the average receipts on this account which must be treated as a windfall this year. For the rest we have had to allow for the continuance of the shortfall which averages about 20 to 25 per cent. in those goods, the imports of which have been seriously interfered with by the war. While many of the heads of Customs revenue remain unaffected, about half have suffered decreases of varying extent. The reductions from this cause over a full year are responsible for the remaining drop of Rs. 1.97 lakhs as compared with the revised estimates for the current year, the first six months of which was a period of increasing trade and large imports.

The forecasting of the Customs revenue, with which the revenue from Central Excises is inseparably connected, involves a view of the course of our foreign trade for a period extending to more than a year ahead, and is at all times a matter of great difficulty. Usually the best that the estimator can do is to base his calculation on the assumed continuance of the tendencies already visible, and to take into account any additional factors of the probable emergence of which he has reasonably reliable knowledge. It is obvious that in the circumstances of the war the task is rendered even more difficult by major uncertainties of a kind unparalleled in peace. It is not merely that our Customs revenue is dependent entirely on the maintenance of the shipping position and that even a partial diversion of freight may interfere seriously with the scale of our imports. It has also to be borne in mind that in the interests of the successful conduct of the war, which is a paramount consideration, it may be found necessary to restrict certain classes of imports, though this may have an adverse effect on our Customs receipts. In the light of these considerations the present estimates, which allow a margin of less than two crores for the factors of deterioration arising from the progress of the war, can certainly not be said to err on the side of pessimism. They take full account of the improved returns of the last two months, but for which it would have been unjustifiable to adopt so favourable a view.

*Taxes on Income*.—Our revised estimate for the total yield from all taxes on income for the current year which has been placed at Rs. 18.09 lakhs, is based on the conditions of the preceding year, the latter months of which showed an improvement in trade activity. This was maintained during the first half of this year, while the succeeding months since the outbreak of war have, as I have already mentioned, seen a trade boom of considerable dimensions. There can be little doubt that the incomes on which next year's assessments will be made will be appreciably larger. On this account we have raised the estimate of the yield from all taxes on income by a further Rs. 1.41 lakhs to

give a total for both Income-tax and Corporation Tax of Rs. 19,50 lakhs. Of this increase Rs. 1,24 lakhs goes to swell the divisible pool of Income-tax so that the share of the Provinces is expected to reach the figure of Rs. 3,00 lakhs next year as compared with Rs. 2,38 lakhs this year.

*Other Revenue Heads.*—There is a large decrease of Rs. 80 lakhs under Salt as compared with the Revised. This is based on the view that the exceptionally large clearances that are being effected this year will result in larger stocks than usual being carried on into next year when the demand for fresh supplies from the salt works will be correspondingly reduced. Under Mint there is a further increase of Rs. 10 lakhs from the anticipated absorption of small coin, and the estimate under Currency includes an additional Rs. 20 lakhs from the Government's share of the profits of the Reserve Bank.

*Posts and Telegraphs.*—For the next year the revenue of the Posts and Telegraphs Department is expected to be Rs. 12,35 lakhs and expenditure Rs. 11,98 lakhs. The first rush of war traffic having passed, revenue is expected to be somewhat smaller than in the current year. The restrictions imposed in the earlier months of the war on foreign code telegrams have been withdrawn and the estimate allows generally for more settled trade conditions. These considerations justify a somewhat lower forecast than in the current year. The estimated expenditure is about Rs. 40 lakhs more than in the current year. The main reasons for this are increases in staff to deal with increased traffic, the extension of postal facilities in rural and urban areas and the decision to raise the limits for petty works of a capital nature debited to revenue. The Department has, during the last few years, been making a substantial effort to extend postal facilities in rural and urban areas; and in the year 1940-41 it will on this account be spending over 19 lakhs more than in the year 1936-37. The number of new post offices opened during the three years ending with 1938-39 is nearly 2,200 of which more than 2,000 are in rural areas. The low limits for petty works of a capital nature, the expenditure on which is met out of revenue, attracted the attention of the Public Accounts Committee. After a careful review of the position, it has now been decided to raise these limits which, in most cases, were excessively low. The increased charge to revenue is justified by the avoidance of numerous petty additions to capital account and by the consequent reduction of interest and depreciation charges.

### *Expenditure*

*Defence Services.*—The Defence Budget for 1940-41 worked out on the basis of the settlement with His Majesty's Government which I have already explained amounts to Rs. 53,52 lakhs made up of the following elements :

	Rs.
	(In lakhs)
(1) Basic normal budget . . . . .	36,77
(2) Effect of rise in prices on item (1) . . . . .	2,00
(3) India's war measures . . . . .	6,59
(4) Non-effective charges . . . . .	8,16
	<hr/> 53,52

The normal provision for non-effective charges has been repeated. The substantial increase in the amount provided on account of rise in prices as compared with the figure shown in the Revised Estimates is explained by the fact that most of the contracts for stores required by the

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Defence Services for 1939-40 were placed before the outbreak of war and were therefore unaffected by the subsequent rises in prices, whereas in 1940-41 the full effect of those rises will be felt. Excluding a sum of Rs. 20 lakhs included in item (3) on account of Waziristan the balance of the amounts shown against items (2) and (3) representing the total extra expenditure which will be thrown on the Defence estimates payable by India as a result of the war is Rs. 8.39 lakhs. The main details of this increase will be found under Head 4 of the budget estimates and I have already referred to them. I would remind the House that His Majesty's Government are spending on measures directly connected with the Defence of India sums greatly in excess of this, but I am not for obvious reasons able to disclose either the nature of the measures or the amounts involved. I must make it clear that the Defence Budget under Head 4, namely, those measures which will be charged to Indian revenues provides for only such measures as can now be foreseen. It will be realised that as the year progresses new measures of this category will most probably have to be initiated of the nature of which we have at present no knowledge, and the additional cost of which to Indian revenues may be considerable. I had considered the desirability of making some lump sum provision for such unknown charges but as I cannot prophesy the course of the war, and as there is no sort of basis on which any figure at all can be arrived at, I decided that there was nothing to be gained by attempting to make specific provision for such liabilities.

#### *Civil Estimates*

Despite the exclusion of all new proposals that could not be regarded as virtually unavoidable at the present time, our civil expenditure estimates show increases amounting to Rs. 1.51 lakhs in all as compared with the current year's revised estimates. I must now explain the major items that have contributed to this result.

There are first certain increases of an automatic nature which are either obligatory or are counterbalanced by increased credits on the revenue side. Thus the allocation to the Road Fund has had to be raised by Rs. 12 lakhs on the basis of the revenues obtained from the duties on motor spirit, which this year are expected to be higher. Then, an additional Rs. 8 lakhs on account of the Coal Cess credited to revenue this year has to be provided under Central Excise Duties for payment to the Coal Mines Stowing Board next year. The much larger demand for small coin, which is expected to produce the substantial profit for Government shown in the revenue estimates, is responsible for an increase of Rs. 7 lakhs in the expenses of the Mints and the larger demand for bank notes, which is also a feature of the present expansion in trade activity, has caused an increase of Rs. 13 lakhs in the expenditure of the Currency Note Press. The rise in prices together with the necessity of increasing stocks to a level considered adequate in time of war is again responsible for the additional expenditure of Rs. 4 lakhs under Stamps. There is also, unfortunately, little hope of the famine conditions in Ajmer-Merwara coming to an end before the arrival of the monsoon and a further sum of Rs. 16 lakhs has to be provided for the continuance of the present relief works into next year.

The special civil expenditure in connection with the war already mentioned will in a full year amount to Rs. 37 lakhs as compared with Rs. 16 lakhs this year. It has, however, to be remembered that of this sum the expenditure on the Department of Supply will account for Rs. 23 lakhs, against which has to be set off the Rs. 20 lakhs of revenue which it is estimated will be realised from fees.

At the same time it has become necessary to restore the full provision for the maintenance and repair of civil works which was severely cut in each of the two previous years as a part of the economy campaign. For it has been found that if we were to continue to restrict this expenditure to the reduced amounts made available in the last two years, it would be impossible to maintain these Government assets at a proper standard ; as the resultant deterioration would only necessitate a much greater outlay at a later date, the achievement of some temporary saving by this means would be false economy. The provision for maintenance has therefore had to be increased by Rs. 15 lakhs. Certain works in progress such as the new Custom House at Calcutta have had to be completed and a number of urgent projects, which had been postponed from earlier years, could be delayed no longer. On both these accounts the provision for Civil Works had had to be raised by Rs. 21 lakhs. The programme of civil reconstruction for Quetta, originally fixed at Rs. 25 lakhs a year, had also been drastically curtailed in recent years owing to the economy campaign, so that it had dropped far behind the military programme and to make up some of this leeway it has been necessary to increase next year's grant from Rs. 14 lakhs to Rs. 20 lakhs.

As regards new schemes, the general principle adopted was that all forms of avoidable expenditure should be eliminated but that expenditure, which, on a broad view, would assist in the mobilisation of the economic resources of the country and further the successful prosecution of the war should not be rejected. At the same time it was not considered desirable to restrict the grants to the development departments to an extent which would have crippled their beneficent functions and in a number of cases, the natural expansion of their activities has made the provision of additional funds essential.

Thus there is the important expansion in civil aviation for which we are providing an additional Rs. 25 lakhs about which I should like to say a few words. Honourable Members will recollect that in 1935-36 a Fund of about Rs. 93 lakhs for the development of civil aviation was created out of the revenue surplus of the previous year. Since then capital expenditure on civil aviation projects has been financed out of this Fund which at the end of the current year will have an unspent balance of about Rs. 4 lakhs. With the progress that is being made in civil aviation the need for bringing the organisation connected with the trans-continental traffic as well as with the inland routes up to modern requirements has become imperative. Owing to our limited resources, development has in the past been restricted to the essential minimum. We must, however, continue to provide facilities and conform to international standards. Though it is not possible with our existing resources to divert a large sum for the purpose, it has been decided that the Civil Aviation Capital Fund shall continue to be maintained ; but instead of a lump sum contribution, it is proposed to contribute to it a sum of Rs. 25 lakhs each year for the next seven years. This will enable the Civil Aviation Department to carry out the long-term programme which it has in view.

I need hardly stress the fact that the justification for undertaking a large programme of Civil Aviation Works in time of war is closely bound up with defence. The Air Force in India must have their own aerodromes for the permanent accommodation of their squadrons and depots, but away from their permanent bases they must have an organisation of aerodromes, wireless stations, meteorological stations, etc., to enable them to move to and operate in any part of India. The development of civil aviation also depends on the prior provision of such an organisation, and it needs little demonstration that one organisation can and should serve both purposes.

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That has been the policy and practice in this country. Since the development of civil aviation began, the Royal Air Force has depended largely on the civil aerodrome organisation for all its casual operations. The war has intensified the demand. With the rapid development of high speed aircraft, many of our aerodromes even now are not suitable for the operation of the types of Service and civil aircraft in use. Large parts of the country cannot be reached at all by air. This is a situation which must be remedied—in war for defence purposes and after the war for the development of commercial aviation. A good civil organisation will meet the needs of the Air Forces, but the reverse is not true. Government have therefore decided to meet the emergent demands of defence while planning the works as an asset in the development of civil aviation after the war.

In regard to Delhi University, Government were under an obligation which they had accepted some years back and which could not be postponed indefinitely to assist a scheme for its development as an All-India University. On the basis of a programme drawn up by the Vice-Chancellor, Sir Maurice Gwyer, Government have decided to make a non-recurring grant of Rs. 8 lakhs spread over a period of five years and to increase the recurring grant to the University by Rs. 25,000 a year rising to a maximum of Rs. 1 lakh in the fourth year. Half of the non-recurring grant will be used to assist the constituent colleges to move to the University site and the remainder of the money will allow a start to be made on the re-organisation of the University by the provision of science laboratories, a library and research scholarships and the establishment of a number of Professorial Chairs and Readerships. This will involve an additional grant of Rs. 2½ lakhs next year.

The Government of India have also agreed to take over from the beginning of the next financial year the Public Health Section of the Malaria Institute which is controlling the anti-malaria works round Delhi Province as well as advising Provinces and Indian States on malaria problems. This was formerly financed from the funds of the Indian Research Fund Association and the transfer will involve an additional commitment of Rs. 1 lakh. With the opening of the two new stations at Dacca and Trichinopoly and the expansion of their news broadcasts on account of the war, All-India Radio has required an additional Rs. 4 lakhs. But they must also be given credit for the fact that there has been a large increase in the number of wireless licenses. Against about 72,000 licenses in March, 1939, it is expected that there will be at least 100,000 licenses next year.

Finally the Decennial Census, in continuance of the series which has been maintained since 1872, is due to be held in 1941, and it has been decided that to avoid any interruption of the statistics which are so vital for many purposes the primary work of enumeration shall be undertaken at the due time. This will involve an expenditure of Rs. 12½ lakhs next year. The question of undertaking the more substantial task of compilation is to be decided at a later date.

#### SUMMARY

In this way the expenditure detailed in the civil estimates comes to the figure of Rs. 39.07 lakhs, as compared with Rs. 37.56 lakhs for the current year. With the provision for the Defence Services placed at Rs. 53.52 lakhs, our total expenditure estimates amount to Rs. 92.59 lakhs. At the same time, on the basis of existing taxation together with the increase in the Railway contribution to the full figure of Rs. 4.41 lakhs *plus* in addition a special sum



of Rs. 90 lakhs as arrears for the current year, our total revenue is estimated at Rs. 85.43 lakhs. The figures are, therefore :

	(Lakhs)
Revenue . . . . .	85.43
Expenditure . . . . .	92.59
Prospective deficit . . . . .	7.16

### WAYS AND MEANS

Before I proceed to explain my proposals for dealing with this deficit, I must turn aside to give a brief account of our ways and means position.

*New Loan.*—The outstanding balance of the five per cent. Loan 1939—44 which we had the option of redeeming this year, was notified for discharge early in the year and in July the Government of India floated a further combined cash and conversion issue of the three per cent Loan 1963—65. The issue was made at a price of Rs. 98 and the five per cent Loan 1939—44 and the five per cent Loan 1940—43 were accepted in conversion. The total subscriptions applied for and allotted amounted to Rs. 15.72 lakhs, of which Rs. 8.24 lakhs represented conversions of the five per cent. Loan 1939—44 ; the discharge of the remaining balance of the 5 per cent. Loan 1939—44 was duly effected by an increase in our temporary borrowing. Next year we have the option of redeeming the remainder of the five per cent. Loan 1940—43, the outstanding balance of which is a little under Rs. 19½ crores. The time and manner of the redemption will of course depend on market conditions and our ways and means position.

*Sterling Position.*—With the great improvement in the balance of trade that has taken place during the year, the Reserve Bank has made considerable purchases of sterling, the total for the first ten months aggregating approximately £53 millions. This may be compared with the figure of £12½ millions for the corresponding period of last year and £15 and £41 millions in those of the two previous years. With the repayment of foreign debt, which we have been effecting continuously for some time past our sterling requirements are naturally decreasing year by year. Moreover, in the current year the amount of sterling we require has been still further reduced by special circumstances. Large purchases of raw materials and goods made in India on behalf of His Majesty's Government have been paid for by us in the first instance and we have been recouped by payment of sterling into our account in London. We have also had large sterling receipts on account of recoveries from His Majesty's Government for their share of the war expenditure incurred by India as well as for their contribution towards the expenditure on defence modernisation in accordance with the report of the Chatfield Committee. Again the sales of Indian Government silver which were formerly arranged through the London market, where we had an organisation that had been selling silver for us since 1927, resulted in nearly £8 millions being paid to us in sterling. Our net sterling requirements are therefore now estimated at no more than £10½ millions in the current year and £11½ millions next year, as against the budget estimate of £27 millions and an average of £38 millions required in each of the three previous years.

*Repatriation of Sterling Debt.*—In addition to expanding their currency reserves, the large acquisitions of sterling already mentioned have enabled the Reserve Bank to put considerable amounts at our

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[Sir Jeremy Raisman.] disposal for the repatriation of our sterling debt. The desirability of repatriating sterling debt has been constantly before Government and the Reserve Bank for the last three years. A beginning was made in 1937 but it had to be temporarily discontinued owing to the slackening of our remittances. However in this period we have been able completely to liquidate our liabilities on account of the Family Pension Funds transferred to England to the amount of £9½ millions. We have now first of all taken the opportunity provided by the availability of sterling to reopen the former scheme by which the Reserve Bank is authorised to purchase our sterling non-terminable securities in the open market as amounts become available and to transfer the securities so purchased to us for cancellation. In their place additional rupee paper of the 3½ per cent. and 3 per cent. non-terminable loans is created up to the same nominal value, which is issued gradually by the Reserve Bank in accordance with the requirements of the market. Throughout the period of these operations the market price of 3½ per cent. rupee paper has consistently shown a steady rise, and it is clear that the additional rupee securities thus created to finance this debt repatriation have served to supply an actual need of investing institutions and have not been in excess of the demand. Also since the average sale price has been higher than the average purchase price of the sterling stock in London, we have made an appreciable saving on the transfer which, as before, is being taken not to revenue but to capital as a small additional contribution towards the redemption of debt. A further scheme for the repatriation of sterling which has just been brought into force extends the option of transfer to rupee loans to holders of all our sterling loans. The Reserve Bank is being authorised to open books for rupee counterparts of our sterling loans and transfers will be allowed on payment of a premium which will be fixed from time to time according to the market rates with a small margin where possible in favour of the transferor. In order to introduce these new loans to the market Government at first will issue them on its own account in conversion of sterling securities purchased by it. Thereafter, from the 1st April next these facilities will be open to the public on terms based on the sterling and rupee market prices of the respective loans which will be announced by the Reserve Bank from time to time. By this means we hope to bring about an appreciable substitution of rupee liabilities to residents in India in place of sterling liabilities to non-residents, which will be a valuable relief to our remittance programme in future. So far the total value of sterling securities acquired for the purpose of debt repatriation is approximately £9 millions and this should be considerably augmented in the coming year.

*Treasury Bills.*—In the current year we had originally expected to be able to effect a reduction of six crores in the value of treasury bills outstanding. Actually it is probable that by the end of the year treasury bills will have been expanded by one crore to leave an outstanding balance of a little over 47 crores. This is mainly due to the larger expenditure that has had to be financed on account of the war and to the restriction which the uncertainties of the international situation imposed on the scale of our loan operations this year. The expansion would, however, have been considerably larger but for the sales of Government silver to the amount of about Rs. 11 crores, the proceeds of which have gone to reduce very considerably the outstanding balance of the silver debt which at the beginning of this year stood at approximately Rs. 48 crores. Next year after providing for a further payment of five crores to the Reserve Bank against surplus rupee coin returned by them, we expect to be able to reduce outstanding treasury bills by approximately eight crores. During the last few years there has been a steady return of rupee coin from circulation, but with the increased demand for currency that has now arisen, the process has

been reversed and the balance of rupee coin held in the Issue Department of the Reserve Bank has dropped from Rs. 76 crores on the 8th September, 1939 to a little over Rs. 59 crores in the Bank's return of the 9th February. If the outflow of rupee coin continues at the same rate the Reserve Bank may not wish to exercise its option to return a further five crores of rupees on April 1st and if they desire not to do so the ways and means position will be easier to the extent of five crores.

*Post Office Cash Certificates and Savings Bank.*—The revised ways and means estimates allow for a net repayment of Rs. 2.63 lakhs in respect of cash certificates as compared with the budget estimate of Rs. 50 lakhs, while under Postal Savings Bank deposits we are reckoning on a net cash outgo of about 5½ crores against the estimated receipt of Rs. 3.75 lakhs in the budget. This deterioration in respect of both Cash Certificates and Savings Bank deposits is mainly due to the larger withdrawals which were made in September and October. There was, however, no such panic as that which took place at the outbreak of the last war, when 40 per cent. of the deposits in the Post Office Savings Bank were withdrawn between August and December, 1914, and did not begin to return till after March, 1915. On this occasion the total withdrawals during the first three months amounted to no more than six per cent. and these were mainly due to the larger demand for cash for trade purposes. Since then there has been a noticeable improvement in the position and withdrawals have dropped to a very small figure. Accordingly for next year our estimates provide for a net repayment of Rs. 1.50 lakhs under Cash Certificates and an increase of Rs. 2.00 lakhs in cash in Post Office Savings Bank deposits.

I must now return to the task of supplementing the revenues of the coming financial year to the amount of Rs. 7.16 lakhs which is required to balance our expenditure.

In the first place we are fortunate in the fact that the current year should leave us with a surplus of Rs. 91 lakhs in our Revenue Reserve Fund, which we may apply to the reduction of the gap to be filled by fresh taxation. The existence of this surplus is entirely due to the larger contributions received from the two great commercial departments of the State, the Railways and the Posts and Telegraphs. These same departments are also responsible for a large reduction in the size of the deficit which would otherwise face us in the coming year. To this extent the community, in its aspect of a customer of the commercial departments, may be said to have come to the assistance of the community in its rôle of general taxpayer. This feature of the situation is, however, by no means without its drawbacks. It is in times of comparative prosperity such as this that the commercial departments would wish to utilize their surpluses to a large extent in the building up of reserves, so that when recession comes and general revenues are hard hit, they can meet losses from their own invested savings, without adding a further burden to the general taxpayer. Whilst therefore we yield for the moment to the compulsion which the necessities of war apply, we must bear continually in mind the problems which await us in the future, and refrain so far as we can from exhausting those resources on which we shall then desire to draw.

This brings me to the question of direct taxation and the Excess Profits Tax which is already before the House. I am not unmindful of the bearing which the remarks which I have just uttered have on the conduct of private, no less than of State-owned, businesses. But I believe that the Bill provides a reasonable compromise between the conflicting claims of the present and the

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future, and I should be happy if we were in a position to treat our own commercial departments no more ungenerously in this matter than private enterprise.

I must now indicate what portion of the remaining gap of Rs. 6.25 lakhs the yield of the Excess Profits Tax can be estimated to cover in 1940-41. This figure can only be estimated in the roughest way. Any attempt at precise calculation is rendered impossible not only by the difficulty of evaluating the scale of profits in war-time, but by the fact that the basis with which they are to be compared must vary with the option of the numerous individual assesses to choose their standard periods. Moreover the portion of excess profits actually brought under assessment in the course of the coming year will in the ordinary way be dependent on the dates on which the normal accounting periods of the businesses affected terminate and the dates by which the assessments can be completed. Finally, as the machinery for administering the tax has yet to be brought into being, the work of assessment cannot begin till many months of the year have passed. Taking all the relevant factors into account, and applying to this highly indeterminate matter the best judgment which we can, we have decided to place the estimated yield in 1940-41 at a net additional Rs. 3.00 lakhs, after allowing for the effect on income-tax and supertax. As I explained in the House a few days ago, the tax in its application to companies falls under the head of corporation tax, which is a purely Central source of revenue. In its application to other assesses it ranks as a tax on income and the yield is included in the pool of income-tax revenue to be shared between the Centre and the Provinces. One half of the revenue from the tax on assesses other than companies will thus accrue to the Provinces. But since the amount of excess profits paid is deducted from the income assessable to income-tax and supertax, there will be a reduction in the yield of these latter taxes. It is estimated that the effect of this reduction on the provincial share of income-tax will so nearly counterbalance the accrual of a share of the excess profits tax as to leave a negligible net result, and the provision for distribution to the provinces accordingly remains unchanged.

As I pointed out in my speech on the motion to refer the Excess Profits Tax Bill to a Select Committee, the principle underlying the measure is that in raising the additional revenue necessary to meet the cost of war measures, recourse should first be had to the taxation of those to whom the war has brought additional profits. This is a principle of priority of taxation, which cannot be impugned. But I am still left with a gap of Rs. 3.25 lakhs, for which I must turn to the general taxpayer. If any part of this sum were to be found by an ordinary increase of income-tax, it would be necessary to raise an amount equal to double the Centre's requirements, for half would accrue to the Provinces. Since the present emergency is one which arises from the effect of war on the revenue and expenditure of the Centre, this would hardly be appropriate. It is true that the Constitution provides for the levy of a Central surcharge on income-tax, the whole proceeds of which shall accrue to Central revenues; it is, however, clear from the Act that such a surcharge should be resorted to after and not before other practicable means of balancing the budget have been explored. I must therefore for the time being abandon my pursuit of the income-tax payer, on whom so much attention was concentrated a year ago, when the upper reaches of the scale of tax were sharply steepened. To those in receipt of fixed incomes, the war has no doubt brought an increase in the cost of living and a surcharge, particularly in the lower ranges of incomes, would add to their hardships. I cannot, however, guarantee that further demands from the direct taxpayer may not have to be made in the

future, and the conditions in which he is liable to be called upon may even arise in the course of the coming year. For the time being, however, I propose to leave the rates of income-tax and super-tax unchanged, except for one minor alteration giving relief in respect of super-tax to Co-operative Societies in accordance with an undertaking given by my predecessor in the course of the discussion on the Income-tax Amendment Bill in the Council of State. Accordingly, I now turn my attention to the field of indirect taxation.

Now to the extent that our problem is caused by the inadequacy and precariousness of the customs revenue in time of war, it is the consumers of those classes of imports which cannot now be obtained who will have ceased to make the corresponding contribution to the revenue. To this extent the gap can justifiably be filled by additional indirect taxation, though having regard to the regressive character of such taxation, it is desirable to aim at taxes which bear least oppressively on the poorest classes of consumers. I regard the tax on factory refined sugar as answering most nearly to this requirement, for white sugar is mainly consumed not by the poorest but rather by the middle and upper classes of the population. I propose therefore to increase the excise duty on sugar, from Rs. 2 to Rs. 3 a cwt. Under the Customs tariff schedule, as it now stands, this change will produce an automatic increase in the import duty by a like amount. I may also mention that the sugar-producing Indian States are being approached with a view to bringing them into line with British India and securing that the enhanced excise duty is also levied on their output. I estimate the additional revenue from the increase in the sugar excise, together with the corresponding increase in the import duty, at Rs. 1,90 lakhs.

My other proposal is to increase the duty on motor spirit from 10 annas to 12 annas a gallon. The imposition of this additional burden on all users of motor transport will no doubt evoke protests, but they may regard themselves as fortunate that the war has hitherto involved no more serious handicap on the private consumption of this commodity. Incidentally the effect on the competitive position of road transport is counterbalanced by the increase in railway rates which will now be in force. I estimate the additional revenue from this increase of 2 annas a gallon at Rs. 1,40 lakhs.

Both these changes are to take effect forthwith and a declaration under the Provisional Collection of Taxes Act has been attached to the relevant clauses of the Finance Bill.

With Rs. 91 lakhs from the Revenue Reserve Fund, Rs. 3,00 lakhs from the Excess Profits Tax and Rs. 3,30 lakhs from the enhanced duties on sugar and petrol, our final figures become :—

	Rs.
	(In lakhs.)
Revenue . . . . .	92,64
Expenditure . . . . .	92,69

Surplus

I have now laid my proposals before the House, but before I sit down I would ask Honourable Members to bear with me a little longer whilst I describe the background against which I consider that these proposals should be judged. The war has been in progress now for barely six months and no man can say what the coming year has in store for us. I am not one of those who believe that this is going to be a short war, but clearly if it should so turn out many plans and calculations will have to be revised. For the moment we face a

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situation in which the probabilities are heavily weighted on the side of additional expenditure on the defence of India whilst at the same time many sinister contingencies also threaten our revenues. It has no doubt been possible at this particular juncture of time to base a fairly encouraging view on our actual recent experience, but the plain fact which we have to recognise is that all changes in our position are more likely to be for the worse than for the better.

In these circumstances what is the best course to pursue in the largest interests of the country? There are times when economic prosperity in the country is accompanied by buoyant Government revenues and taxable capacity far exceeds the contemporary requirements of public finance. There are other phases in the trade cycle when economic depression is accompanied by a dislocation of public finance and when the Government can only help itself by aggravating the private difficulties of the taxpayer. The view is rapidly gaining ground that budgetary finance should not be too closely circumscribed within the water-tight compartments of single successive years and that in a period of prosperity, instead of allowing the whole of the surplus of the national income "to fructify in the pockets of the people" the Government should draw on it to an extent which will enable it to bear less heavily on the country in a period of depression. There is obviously great force in this view, but the present situation in India is one which corresponds to neither of the commoner phases which I have just described. It is a situation in which, while the Government is inevitably involved in large and growing expenditure on defence, the community as a whole may be said to be enjoying a period of prosperity. Now whatever the view which one may hold on the subject of budgeting for a year at a time or budgeting for a longer period more nearly corresponding to a trade cycle, there can, I hold, be no question that in the circumstances of India today the additional requirements of Government should clearly be met by drawing on the additional taxable capacity which the war has produced. It would in my opinion be indefensible in circumstances such as these to postpone for the future any part of the burden which can more easily be shouldered today. That future, judging by historical precedent, will inevitably produce for us problems and difficulties far more harassing than those with which we are now called upon to deal. If we can do anything at this moment to lighten the immense burden of our successors it is our bounden duty to do it; the least they will be entitled to expect is that when we have the power and the means to do it we should refrain from handing on to them a disastrous legacy. We cannot isolate ourselves from the world in which we live. It is a world in which this generation is being called upon to undergo fiery ordeals in order that those that come after may live more abundantly.

#### THE INDIAN FINANCE BILL

**The Honourable Sir Jeremy Raisman** (Finance Member) Sir, I move for leave to introduce the Indian Finance Bill, 1940.

**Mr. President** (The Honourable Sir Abdur Rahim) The question is:

"That leave be granted to introduce the Indian Finance Bill, 1940."

The motion was adopted.

**The Honourable Sir Jeremy Raisman:** Sir, I introduce the Bill.

The Assembly then adjourned till Eleven of the Clock on Friday, the 1st March, 1940.

# LEGISLATIVE ASSEMBLY.

*Friday, 1st March, 1940.*

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr President (The Honourable Sir Abdur Rahim) in the Chair.

## STARRED QUESTIONS AND ANSWERS.

### (a) ORAL ANSWERS.

#### LICENCE-HOLDERS FOR WIRELESS RECEIVING SETS, PROGRAMMES AND STAFF OF THE ALL-INDIA RADIO.

**243. \*Bhai Parma Nand:** (a) Will the Honourable Member for Communications be pleased to state the number of licence-holders for wireless receiving sets on the 31st December, 1939, and how many of them were Hindus and how many Muslims, as far as can be ascertained from the names of the licensees or otherwise?

(b) How many programmes of the All-India Radio were given to Hindus and how many to Muslims during the year ending 31st December, 1939, and what were the respective amounts paid to them?

(c) How many Hindustani programmes of the All-India Radio were given to Hindus and how many to Muslims during the year ending 31st December, 1939, and what were the respective amounts paid to them?

(d) What is the ratio of Hindus and Muslims employed in the Hindustani programme staff of the All-India Radio?

**The Honourable Sir Andrew Clow:** (a) 92,782 Information regarding the latter part of this question is not available, as license-holders are not required to state their religion.

(b) and (c). Programmes are given to all who care to listen and the great bulk of the items are not designed specially for persons belonging to particular communities. Separate lists are not maintained giving the amounts paid to artists of different religious faiths.

(d) Hindustani programmes are mainly broadcast from the Bombay, Delhi, Lahore and Lucknow Stations of All-India Radio. About three-fifth of the programme staff at these stations consists of Muslims and two-fifth of Hindus. The proportion of Hindus is much larger at the remaining stations of All-India Radio.

#### HINDUSTANI TRANSLATORS AND ANNOUNCERS, ETC., IN THE ALL-INDIA RADIO.

**244. \*Bhai Parma Nand:** (a) Will the Honourable Member for Communications please state how many Hindustani translators are employed in the Central News Organisation of the All-India Radio and how many of these know Hindi and have experience of Hindi journalism?

(b) What script is used in the Hindustani News Bulletins of the All-India Radio?

(c) How many Hindustani Announcers are there at the Delhi Radio Station, and how many of these are Hindi knowing Hindus?

(d) What is the number of Muslim Announcers of Hindustani at Delhi Radio Station?

(e) How many Hindustani dramas were broadcast during the year ending 31st December, 1939?

(f) Is the *Sarang* the fortnightly magazine published by the All-India Radio, a Hindi or Urdu magazine, and who is its editor? What are his qualifications in Hindi?

**The Honourable Sir Andrew Olow:** (a) Four. All of them understand Hindi. None of them has had experience of Hindi journalism.

(b) Urdu

(c) Three. One of them is a Hindi knowing Hindu.

(d) Two.

(e) The attention of the Honourable Member is invited to the fortnightly issues of the *Indian Listener* which contain the required information and copies of which are available in the Library of the Legislature.

(f) The *Sarang* is a Hindustani magazine printed in the Devanagiri script. Its Editor is Mr A. N. Bhanot. He is a graduate of the Punjab University and took Hindi as one of his subjects in the Degree course.

**Pandit Krishna Kant Malaviya:** With regard to part (a), do the translators know Hindi at all?

**The Honourable Sir Andrew Olow:** I have said that all of them understand Hindi.

**Pandit Krishna Kant Malaviya:** Can they read or write Hindi?

**The Honourable Sir Andrew Olow:** I believe that two of them use the Devanagiri script, if that is what the Honourable Member wants to know.

**Dr. Sir Ziauddin Ahmad:** What does the Honourable Member mean by "Hindustani"?

**The Honourable Sir Andrew Olow:** I have not mentioned that word in my answer.

**Dr. Sir Ziauddin Ahmad:** It is in the question.

**The Honourable Sir Andrew Olow:** I am not responsible for interpreting the question; I can only interpret my own answer.

**Dr. Sir Ziauddin Ahmad:** How can the Honourable Member answer a question without knowing what it means? When the word "Hindustani" is in the question, did the Honourable Member reply to it without knowing what that word means?



**The Honourable Sir Andrew Olow:** It is not always easy to know what a question means, but I do my best. Sir, I am very sorry; I did say in answer to clause (f) that the *Sarang* is a Hindustani magazine.

**Dr. Sir Ziauddin Ahmad:** This matter will come up in connection with questions on the Radio, and so I want to understand it. What is the difference between Hindi and Hindustani?

**The Honourable Sir Andrew Olow:** I think the Honourable Member will have to address that question to the Secretary of the Education, Health and Lands Department.

#### TEST FOR SELECTION OF HINDUSTANI TRANSLATORS FOR THE ALL-INDIA RADIO.

**245. \*Bhai Parma Nand:** (a) Will the Honourable Member for Communications please state how many Hindus and how many Muslims were called in the test held to select Hindustani Translators?

(b) How many Hindi knowing and how many Urdu knowing men were appointed?

(c) How many of them had experience of Hindi journalism and how many of Urdu journalism?

**The Honourable Sir Andrew Olow:** (a) 30 Muslims and 16 Hindus.

(b) All the four translators appointed understand both Urdu and Hindi.

(c) Three of the translators have had experience of Urdu journalism

**Dr. Sir Ziauddin Ahmad:** In this question the word "Hindustani" occurs in one paragraph and the words "Urdu" and "Hindi" in the remaining paragraphs. What is the difference?

**Mr. President** (The Honourable Sir Abdur Rahim). The Honourable Member can draw his own inference.

#### PROMOTION OF CLERKS IN THE NORTH WESTERN RAILWAY ACCOUNTS DEPARTMENT.

**246. \*Mr. H. M. Abdullah:** (a) Will the Honourable Member for Railways please state whether it is a fact that in the North Western Railway Accounts Department ordinarily only those clerks class II are promoted to class I who have passed the Appendix 'C' or Part I Examinations?

(b) Is it a fact that several class II clerks have been promoted to class I without passing any of the above examinations? If so, what is their number, community-wise?

(c) Is it a fact that certain clerks transferred from other branches into the Accounts Branch were promoted to class I without passing such examinations? If so, what is their number?

(d) What is the number, community-wise, of clerks class II who were shortly due for promotion to class I but were deprived of it as a consequence of promotions of unqualified staff mentioned in parts (b) and (c)?

(e) Are Government prepared to consider the question of issuing definite rules on the subject, either exempting all staff from passing Appendix 'C' examination for promotion to class I or insisting on this qualification in each case?

**Mr. B. M. Staig:** (a) Yes The examinations are "Appendix C" and "Old Class I" and not "Part I".

(b) No

(c) Yes, five men, who were transferred along with their work from the control of the General Manager to that of the Chief Accounts Officer, were exempted from passing the Appendix C examination by the competent authority in order to secure for them the benefits they would have enjoyed but for such transfer.

(d) None, because the men referred to in (c) above brought the posts with them.

(e) Definite rules already exist, *vide* paragraphs 3 and 4 of the Rules and paragraph 3 (c) of Appendix A, issued with the Railway Board's memorandum No 5565-F, dated the 31st July, 1929, a copy of which is available in the Library of the House. Government do not consider it necessary to issue any further Rules

**Mr. Muhammad Nauman:** With reference to part (e), may I know whether these transfers meant promotions for these people without any test or examination?

**Mr. B. M. Staig:** It meant that on their transfer under the Chief Accounts Officer they got without examination the promotion they would have got had they remained under the General Manager, also without an examination. No concession was given to them; the rights in their previous places under the General Manager were merely preserved

**Mr. Muhammad Nauman:** What was the difficulty in getting them examined and tested? Why did not Government consider that?

**Mr. B. M. Staig:** They had the privilege of being exempted from this examination, and I presume it was not considered desirable to make their conditions of service more difficult.

#### COMMERCIAL SUPERVISORS ON THE NORTH WESTERN RAILWAY.

247. \***Mr. H. M. Abdullah:** Will the Honourable Member for Railways please state—

- (a) the number of Commercial Supervisors, community-wise, employed on the North Western Railway;
- (b) the date from which they hold their posts;
- (c) whether they are confirmed or not;
- (d) if there is any waiting list of selected candidates for the posts of Commercial Supervisors, and if so, the number of such candidates by communities; and

- (e) if the various communities are not adequately represented among the staff referred to, what steps Government propose to take to remove the over-representation of any one community in that category of staff?

**The Honourable Sir Andrew Clow:** (a) Two Hindus.

(b) 21st October, 1938 and 17th April, 1939.

(c) One is confirmed and the other is on probation

(d) The answer to the first part is in the negative, and the latter part does not arise.

(e) Selection for appointment to these posts is not governed by communal considerations and Government have no steps in contemplation.

**CERTAIN INFORMATION REGARDING CLERICAL STAFF ON THE NORTH WESTERN RAILWAY.**

**248. \*Mr. H. M. Abdullah:** (a) Will the Honourable Member for Railways please give the following information relating to the clerical staff of the North Western Railway Headquarters, Divisional and Extra Divisional Offices, separately—

- (i) the date from which the orders regarding 20 per cent direct recruitment to intermediate grades in the clerical establishment were brought into effect and the grades and categories selected for such recruitment,
  - (ii) the number of permanent and leave-preparatory-to-retirement vacancies which occurred after the issue of those orders,
  - (iii) the number of permanent vacancies which occurred on account of the conclusion of leave-preparatory-to-retirement terms subsequent to the issue of those orders and the number of the incumbents by communities who were officiating against such vacancies on the date of the issue of most of the orders, and
  - (iv) the number of men by communities who were directly recruited in the intermediate grades in pursuance of these orders against permanent and leave-preparatory-to-retirement vacancies referred to in parts (ii) and (iii) above?
- (b) Is it a fact that certain clerks grade I who were officiating in grade II against permanent or leave-preparatory-to-retirement vacancies referred to in parts (ii) and (iii) above were confirmed in that grade after the issue of the orders of 20 per cent. direct recruitment to intermediate grades without taking into account the prescribed percentage of direct recruits?
- (c) If the reply to part (b) above be in the affirmative will the Honourable Member please state why 20 per cent. of the vacancies were not filled by direct recruitment?
- (d) Is it a fact that such action on the part of the North Western Railway administration has deprived the men selected for these posts from the rapid chances of their appointment and will the Honourable Member please say how does he propose to regularise matters?

**The Honourable Sir Andrew Clow:** (a) (i) Orders were issued on the 27th April, 1937, authorising General Managers to make initial recruitment to grades higher than the lowest up to a maximum of 20 per cent. of the vacancies per year.

(ii), (iii) and (iv) Government have no information separately for clerical staff showing the number of vacancies, the details of those officiating against vacancies or the direct recruitment to intermediate grades, but I lay on the table of the House a statement showing the initial recruitment to grades higher than the lowest by communities for all grades on the North Western Railway from the date of issue of the orders to the end of 1938-39, the last complete year for which figures are available.

(b), (c) and (d) The orders regarding direct recruitment to intermediate grades permitted General Managers in their discretion to make such recruitment, but did not order that the vacancies in all grades higher than the lowest must be filled up to a maximum of 20 per cent. by direct recruitment. There has thus been no irregularity calling for action by Government

*Statement showing the direct recruitment to intermediate grades on the North Western Railway*

Year.	Permanent.				Temporary.			
	Hindus.	Muslims.	Anglo Indians	Total.	Hindus.	Muslims.	Sikhs.	Total.
1937-38 . . . . .	..	..	..	..	.	2	..	2
1938-39 . . . . .	1	2	1	4	8	19	1	28

**Mr. Muhammad Nauman:** Is it a fact that before this order was issued, they were recruiting about 30 per cent. in the intermediate grade on the North Western Railway?

**The Honourable Sir Andrew Clow:** I do not think that is a fact, but I have not got the figures here.

#### PROMOTION OF CLERKS IN THE HEADQUARTERS OFFICE OF THE NORTH WESTERN RAILWAY.

**249. \*Mr. H. M. Abdullah:** (a) Will the Honourable Member for Railways state in regard to the clerical staff employed in the Headquarters Office of the North Western Railway:

- (i) the number of clerks by communities and grades employed in each branch and percentage of each community in each grade in each branch; and

(ii) the number of clerks grade II by communities employed in each branch and the number of years they have been blocked at the maximum of their grades?

(b) Are clerks grade II promoted to grade III in order of their seniority in their own branches?

(c) If the reply to part (b) above be in the affirmative, is the Honourable Member aware that there are unequal chances for these clerks for promotion to grade III in different branches, and is he prepared to consider the advisability of providing equal chances of promotion in each branch by making adjustments? If not, why not?

**The Honourable Sir Andrew Clow:** I have called for information and will lay a reply on the table in due course.

#### TRANSFER OF THE ACCOUNTS STAFF UNDER THE ADMINISTRATION OF THE GENERAL MANAGERS OF STATE RAILWAYS.

†250. \***Sardar Sant Singh:** Will the Honourable Member for Railways be pleased to state whether the recommendations contained in paragraph 80 of the Report of the Indian Railway Enquiry Committee (1937) in regard to the transfer of the Accounts staff under the administration of the General Managers, have been given effect to on all the State-managed Railways? If not, what are the conclusions of Government thereon?

**The Honourable Sir Andrew Clow:** In pursuance of the recommendation of the Railway Enquiry Committee and with the approval of the Public Accounts Committee, the experiment was instituted in November, 1938, of placing the accounts staff on two railways under the General Manager. The working of the experiment is being carefully watched but some further time will be required before reliable conclusions can be reached in regard to it.

#### CONTROL OF THE GENERAL MANAGERS OF STATE RAILWAYS OVER THE RAILWAY CLEARING ACCOUNTS OFFICE.

†251. \***Sardar Sant Singh:** Will the Honourable Member for Railways be pleased to state whether the staff of the Railway Clearing Accounts Office will be under the administrative control of the General Managers of the respective railways, when the recommendations referred to in the preceding question are given effect to? If not, what will be the position thereafter?

**The Honourable Sir Andrew Clow:** As I have informed the Honourable Member in reply to his previous question, no final decision has been reached in regard to the transfer of the accounts staff to the control of the General Managers. If that transfer were ultimately to take place, it would not necessarily involve any change in the control of the Railway Clearing Accounts Office. The latter acts on behalf of a number of railways and as long as the work it undertakes is done in a single office, it would be impracticable to place it under divided control.

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†Answer to this question laid on the table, the questioner being absent.

### CALCULATIONS OF THE REVENUE EARNED BETWEEN STATE-MANAGED RAILWAYS.

†252. \*Sardar Sant Singh: Will the Honourable Member for Railways be pleased to state whether they have approved the suggestion made in paragraph 67 of the Report of the Indian Railway Enquiry Committee 1937, in respect of the calculations of the revenue earned, between State-managed Railways? If not, what are the reasons therefor?

**Mr. B. M. Staig:** The attention of the Honourable Member is invited to page 6 of the second statement issued in November, 1938, showing the action taken on the recommendations in the Indian Railway Enquiry Committee's report. A copy of this statement is in the Library of the House. The new procedure of apportionment of receipts introduced in the Railway Clearing Accounts Office in February, 1938, to which this statement alludes has resulted in a saving of about Rs. 80,000 per annum.

### DISCHARGE OF THE BRIDGE DEPARTMENT STAFF ON THE NORTH WESTERN RAILWAY.

†253. \*Sardar Sant Singh: (a) Will the Honourable Member for Railways refer to his answer to question No. 97 asked by Mr. Lalchand Navalrai on the 15th February, 1940, and state if it is a fact that the Chief Engineer, Surveys and Construction, North Western Railway, wrote to the Deputy Agent Personnel (now Deputy General Manager Personnel) on the 27th February, 1931, insisting on re-employment of retrenched staff of his office? If so, is it a fact that the retrenched staff was re-employed and absorbed in other offices without any restriction of age, academic and selection boards qualifications having been insisted upon?

(b) If the answer to the preceding part be in the affirmative, is the Honourable Member prepared to issue similar orders for the absorption of the temporary staff of the Bridge Department in permanent posts in departments other than the Bridge Department?

**The Honourable Sir Andrew Clow:** (a) As regards the first part, I have seen a copy of the Minute Sheet from the Chief Engineer, Surveys and Construction, North Western Railway, dated 26th February, 1931, to the Deputy Agent, Personnel, requesting special consideration for the staff of his office and pointing out that they stood on a different footing from the staff working on the Survey and Construction Divisions who come automatically under reduction on termination of the work for which they are employed. As regards the latter part, Government have no information.

(b) No. I would refer the Honourable Member to my reply to the first part of part (e) of Mr. Lalchand Navalrai's question No. 97 asked on 15th February, 1940, which indicates the present policy on the North Western Railway.

### STATEMENT OF BUSINESS.

**The Honourable Sir Muhammad Zafrullah Khan** (Leader of the House): Sir, it will probably be necessary to hold sittings of the Select Committee on the Excess Profits Tax Bill on Monday, the 4th March, and I am, therefore, to request that the sitting of the House fixed for that day to

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†Answer to this question laid on the table, the questioner being absent.

transact official business may be cancelled. Incidentally, that will give Honourable Members an extra day to study the budget before they enter upon its general discussion.

**Mr. President** (The Honourable Sir Abdur Rahim): The Chair takes it, that will suit Honourable Members, and it orders accordingly

#### THE COAL MINES SAFETY (STOWING) AMENDMENT BILL.

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar** (Member for Commerce and Labour). Sir, I move for leave to introduce a Bill to amend the Coal Mines Safety (Stowing) Act, 1939.

**Mr. President** (The Honourable Sir Abdur Rahim) The question is.

"That leave be granted to introduce a Bill to amend the Coal Mines Safety (Stowing) Act, 1939"

The motion was adopted.

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar**: Sir, I introduce the Bill.

#### THE AGRICULTURAL PRODUCE CESS BILL.

**Sir Girja Shankar Bajpai** (Secretary, Department of Education, Health and Lands). Sir, I move for leave to introduce a Bill to make better financial provision for the Imperial Council of Agricultural Research.

**Mr. President** (The Honourable Sir Abdur Rahim): The question is.

"That leave be granted to introduce a Bill to make better financial provision for the Imperial Council of Agricultural Research."

The motion was adopted

**Sir Girja Shankar Bajpai**: Sir, I introduce the Bill.

#### THE INCOME-TAX LAW AMENDMENT BILL

**Mr. S. P. Chambers** (Government of India Nominated Official): Sir, I move:

"That the Bill to amend the law relating to Income-tax be taken into consideration."

The Statement of Objects and Reasons explains the objects of this Bill, and I hardly think I need detain the House with a repetition of those objects. But perhaps the clause which deals with the Income-tax (Removal of Difficulties and Validating) Ordinance of 1939 requires a little more detailed explanation. Honourable Members will remember that about this time last year the Income-tax Amendment Act was passed and one of the provisions of that Act was to appoint commissioners without reference to areas. Those commissioners were to deal with cases of special technical difficulty or cases in which several companies were inter-connected, so that

[Mr. S. P. Chambers ]

it was desirable to have all the cases dealt with by one officer instead of by several officers. Power was taken under that section to appoint these commissioners and one commissioner, in fact, was appointed and his headquarters were located at Bombay. Since then the Bombay High Court has given a judgment in a case in which it has been laid down that although the appointment of the commissioner and the appointment of officers subordinate to that commissioner were perfectly in order under section 5 of the Income-tax Act, 1922, there was a defect in section 64. Section 64 had not been amended to correspond with section 5, and the High Court laid down that the only officer who had jurisdiction to deal with these cases was the officer subordinate to the local or provincial commissioner; and, therefore, we have provided in this Bill for the amendment of section 64 to correspond with the amendment in section 5 of the Act. The matter was dealt with by an Ordinance in December, 1939, and, I think, perhaps the reason why we dealt with the matter by Ordinance instead of leaving it to be dealt with in due course by the more normal process of legislation should also be explained in greater detail.

The effect of the judgment was to hold up all the work on all the cases transferred to this commissioner and to officers subordinate to him. The judgment also threw doubt on the jurisdiction of certain other officers who were not subordinate to that commissioner but were subordinate to the ordinary territorial commissioners; and we were placed in the position that had we left this matter to be dealt with by the ordinary legislative process, all the work would have been held up until a time such as this, when we were so near the end of the financial year that the income-tax and super-tax involved running into a very large sum—many lakhs of rupees—would not have been collected this year. For that reason it was necessary to deal with the matter urgently, as this was a drafting defect discovered by the High Court and not a matter of substantive principle. The other reason why it was so dealt with, if any other reason was necessary, was that in a number of cases the time-limit for completing proceedings under the Act expired on the 31st of this month and had the Ordinance not been passed those proceedings could not have been completed and the tax in those cases would not merely have been held over, but would permanently have been lost.

I think the rest of the clauses of this Bill are fairly explanatory, and the notes on clauses give the further details that are required. If any more explanation is required, perhaps that can be left to the time when we reach the clauses themselves. Sir, I move.

**Mr. President** (The Honourable Sir Abdur Rahim): The question is

“That the Bill to amend the law relating to Income-tax be taken into consideration.”  
The motion was adopted.

Clauses 2 to 10 were added to the Bill.

Clause 1 was added to the Bill.

The Title and the Preamble were added to the Bill.

**Mr. S. P. Chambers:** Sir, I move.

“That the Bill be passed.”



**Mr. President** (The Honourable Sir Abdur Rahim): The question is "That the Bill be passed"  
The motion was adopted.

## THE RESERVE BANK OF INDIA (SECOND AMENDMENT) BILL.

**The Honourable Sir Jeremy Raisman** (Finance Member): Sir, I move "That the Bill further to amend the Reserve Bank of India Act, 1934 (Second Amendment), be taken into consideration"

It was said in this House the other day that the Opposition is not always wrong and the Government is not always right; and my Honourable colleague, Sir Andrew Clow, freely admitted that the monopoly of wisdom was not on these Benches. This is a Bill which arises out of the acceptance by the Government of India of an argument which at the time of the initial passing of the Reserve Bank of India Act, they were not prepared to accept. The argument then rested on *a priori* grounds and the Government spokesman, Sir George Schuster, felt that the dangers that were represented were perhaps unreal and that the Bill as it stood provided sufficient safeguards against an undue concentration of voting power in a few hands. Experience has convinced us that we were wrong and that there is a definite danger that unless special provision is made to limit the number of shares which can be held by individuals the voting power will be so restricted as to be a source of danger. I need not perhaps recount in great detail the history of the principle involved. It has always been pointed out by authorities on central banking that the shares of a central bank, where you have a shareholding bank, should be distributed as widely as possible, so that the policy and administration of the Bank should not be dominated by sectional interests. Thus Sir Cecil Kisch says in his book

"In particular, it is desirable to ensure that no particular group of shareholders should be able to establish predominant control"

The Hilton-Young Commission again said:

"Care must be taken to ensure that the policy of the Reserve Bank is governed by purely national considerations and is not influenced by the interests of any individual section of the community. It is undesirable that it should be possible for any particular group to acquire control of the affairs of the Bank and impose its policy upon the country."

Now, in the first Reserve Bank Bill, the 1928 Bill, which Sir Basil Blackett brought forward, there was a clause, clause 4 (2) to this effect:

"No amount in excess of Rs. 20,000 shall be issued to any one person or to any two or more persons jointly and no person shall be allowed to acquire an interest in the share capital of the Bank, whether held in his own right or held jointly with others, or held partly in his own right and partly jointly with others, to a nominal value in excess of Rs. 20,000."

The purpose of this sub-clause was stated to be to make provision for a broad-based distribution of the share capital both at the time of the original allotment and subsequently, and to have a safeguard against the control of the Bank of sectional interests of any kind. Then again in 1933, the London Committee made the following observations:

"In formulating a scheme for the constitution of the Board of Directors, we have borne in mind the importance of securing the representation of the economic life of India as a whole, while at the same time guarding against undue influence in the affairs of the Bank by sectional interests, acquired through the control of voting power."

Then we come to the Assembly debate in 1933. The Bill put forward at that time did not contain the safeguard which we now propose, and

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amendments were moved in the House seeking to limit the number of shares to be held by individual shareholders. There was a considerable debate on this point, and as I have already indicated, Sir George Schuster resisted the amendments, because he felt, as he said, that the scheme of the Bill already secured that the shares would be widely held and he felt that the amendments would really be ineffective and were not really necessary. He also felt that the provisions for the original allotment would ensure a very wide distribution of the shares. He pinned his faith to those provisions and he thought that the distribution would remain broad-based even in the future. He also did not desire to hamper in any way the creation of an absolutely free market in these shares. Well, Sir, experience has shown that his optimism in this respect was not justified. In 1937 the Central Board of the Reserve Bank reported to Government that the number of shareholders was decreasing, the shares were getting concentrated in fewer and fewer hands, and that approximately 13 per cent of the total strength of votes had already become sterilized. The Reserve Bank suggested legislation to restrict the number of shares to be held by individuals as, if this process were to go on, it might not impossibly result in so large a proportion of the shares being held as investments in the custody of large financial institutions that the remaining voting power would be unduly restricted and consequently become liable to undue manipulation.

The Government gave the matter their careful consideration, and whilst they were impressed with the arguments, they decided to wait some further experience in this direction before introducing legislation. The Reserve Bank has, in the meantime, continued to bring the matter to notice in its Annual Reports, and the Central Board of the Bank have from time to time repeated their recommendation for legislation. The Reserve Bank have now reported that the number of shareholders has, since the inception of the Bank, declined by nearly 38 per cent. and that on the 31st December, 1939, there were no less than 17,473 frozen votes. Well, Sir, the situation has obviously reached a stage at which action can no longer be delayed. I think, Sir, that the object of this legislation will commend itself to the House, and that Honourable Members will agree that this reform should now be introduced. Sir, I move

**Mr. President** (The Honourable Sir Abdur Rahim) Motion moved

"That the Bill further to amend the Reserve Bank of India Act, 1934 (Second Amendment), be taken into consideration "

**Sir Muhammad Yamin Khan** (Agra Division Muhammadan Rural) Sir, I am glad that the principle which the Honourable Member has in view is going to be given effect to by this legislation. As a matter of fact, when we met in London, I mean when the London Committee on the Reserve Bank met in London, they laid great stress on the point that the shares should not be concentrated in a few hands, and with that object in view it was decided that the shares should be issued at the rate of Rs. 100 each and that shares exceeding Rs. 500 should not be issued to any one individual. That principle was accepted by the Government and they have been trying their best to give effect to this, but how is that shares are now concentrating in fewer and fewer hands? Why is it that these shares are passing from the hands of the poor people into the hands of the richer classes?

**The Honourable Sir Jeremy Raisman:** Because the rich people buy them.

**Sir Muhammad Yamin Khan:** Why is it so? There was such a great rush for purchasing these shares that many people sold away their limited concerns and invested the money for the purchase of these shares, but now these very poor people are selling back their shares to the richer classes. There must be some reason behind all this, and the Government have never paid any attention to this matter. It was pointed out on the floor of the House when the Bill was originally introduced that this evil was bound to creep in and that measures should be adopted to check it, but no attention was paid to this.

Now, Sir, I wish to place those evils before the Finance Member again, the evils which I placed before his predecessor in office. The real thing is this. You issue dividend warrants on these shares to poor people who pay no income-tax whatever, but before issuing those warrants you deduct at the source the maximum amount of income-tax on the small amount which they are to get. On Rs. 500, Rs. 15 is the dividend and out of that Rs. 15 you deduct Rs. 2 and odd beforehand, and then this poor man has to go and apply to the income-tax officer, get a receipt that he does not pay any income-tax or that he does not pay income-tax at the highest rate, and then he gets a refund of the amount. For the sake of Rs. 2 you want this man to spend Rs. 2. Supposing a poor man had Rs. 500 worth shares, he may be living in a village, or in the mofussil or a small town. Then he has to spend Re. one on tonga fare from his home to the headquarters of the district, he has to go to the income-tax office, present his application there, get a receipt after some time, then he goes back to the headquarters to have a refund of Rs. 2. So they think that they have done a great mistake in placing their money in the hands of the Government. They get more troubles than they get benefits. This has been the real cause. Formerly, in the first year of the Reserve Bank, the price of a share went up to Rs. 140, and now it is Rs. 103, sometimes it was Rs. 101. That shows that there are more shares for sale in the market than there are purchasers. The shares went up in the first year because there were few shares in the market and there were larger number of people who wanted to purchase them. Now is the reverse process. As long as that goes on, you will never be able to stop this evil and I do not think that Government can say that they are justified in creating circumstances under which it is almost impossible for the poor people to get a refund. Income-tax should be charged on people who really can pay, but to take money from people who are not liable to pay income-tax, in advance, is not a proper thing for the Government. It is not good that Government should do so and it is not proper taxation. I think the Honourable Member must exert his influence on or give direction, or whatever else he can do under the law, to the Directors of the Reserve Bank that they must change their rule and he must bring forward an amendment to the Act so that they may be empowered to take such steps. I am told that they cannot do it under the present law, and unless the provisions of the law are changed, they cannot take such a step.

Then it is for the Honourable Member to bring forward an amendment, because if a non-official brings forward any such amendment he knows what the fate of his amendment will be, and unless the Honourable Member himself is persuaded to bring up that amendment, the object in view cannot be achieved. The Reserve Bank should collect the income-tax through

[Sir Muhammad Yamin Khan.]

the Income-tax Department on the returns of income that the department gets, and not in the manner that you charge beforehand whether the man is liable to income-tax or not. When there is this grievance there will never be a rise in the prices of the shares. A man can purchase shares not only in his name, but in the names of his children, in the name of his wife, even in the name of his servant, with the result that, though the shares may not nominally be in the name of one person, the voting strength will be in one man's hands. For instance, my Honourable friend, Mr. Boyle, can purchase Rs. 20,000 worth of shares in his name, another Rs. 20,000 worth of shares in his wife's name, and so on, and thus control the votes. The evil which the Honourable the Finance Member has in view cannot, therefore, be stopped. You have got to diagnose the real disease and a proper cure must be prescribed. This Bill may temporarily meet the difficulty, but it will certainly create other loopholes. With these words I support the Bill, but I hope my Honourable friend will bring forward necessary legislation on the lines suggested by me.

**Dr. Sir Ziauddin Ahmad** (United Provinces Southern Divisions: Muhammadan Rural): May I remind my Honourable friend of the debate that we had in this House in 1934 on this Reserve Bank Act when my Honourable friend was probably not in the Finance Department, but was in some other Department of the Government of India. I had a full one month's discussion on the floor of the House on various measures, and this was one of them, with the Treasury Benches, and in the end when I found that I could not convince Sir George Schuster, I adopted the same practice which I did in the case of Sir Andrew Clow. I presented to him as a Christmas present a copy of the Reserve Bank Acts of all parts of the world, and I asked him to show whether those provisions existed which he had introduced in the Bill. One point on which I laid very great stress was that this Reserve Bank should not be a *Nambu Nichor* Bank. I fought for days and days and brought forward argument after argument. One argument which I advanced and which I thought was a very good argument was that this should not be a *Nambu Nichor* Bank.

**An Honourable Member:** What do you mean by that?

**Dr. Sir Ziauddin Ahmad:** I shall explain. There are certain persons who keep lemons in their pockets always, and whenever they find any person having a good dinner, they go to him and cut the lemon into two and then squeeze a little bit of the lemon into the food by saying that it would make it tasty. The man who is dining will naturally invite him to take part in the dinner, and the person who carries the lemon becomes a shareholder in the dinner by simply dropping a few drops of lemon in the food, and this class of people is called *Nambu Nichors*. The same thing happens here also. By purchasing Rs. five crores worth of shares, they have taken possession of the entire asset and the policy of the Government of India about their monetary transactions and currency. Simply by purchasing a few shares, I get possession of all the property, the financial policy, the currency policy and also the issue policy, and I become the master of, I do not know, how many crores, simply by purchasing a few shares. Really speaking, the shareholders of these banks have got very little interest in the Bank just as the lemon squeezer has got in that parti-

cular dinner. It is no use to have this class of people at all, and sooner or later the Government will come to grief. Sir George Schuster at that time had a very high opinion of our businessmen. Probably he had in mind his experience of some other parts of the world, but unfortunately I have got an entirely different opinion of the businessmen in this country. If there is a good deal of corruption in politics, that could be exposed on the floor of the House, but we cannot do it in the case of businessmen. The other day, when I criticised. . . .

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member is not speaking to the amendment.

**Dr. Sir Ziauddin Ahmad:** The point I am making is that this amendment will not achieve the object the Honourable Member has in mind.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member has not succeeded in his attempt to confine himself to the Bill, so far.

**Dr. Sir Ziauddin Ahmad:** We must really do away with these shareholders also because, after all, . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member is trying to review the whole Act?

**Dr. Sir Ziauddin Ahmad:** Only in so far as it is relevant to this particular clause, and nothing else.

**Mr. President** (The Honourable Sir Abdur Rahim): The clause provides that shares must not accumulate beyond a certain extent in the hands of one particular man.

**Dr. Sir Ziauddin Ahmad:** I say that the Government ought to purchase all these shares.

**Mr. President** (The Honourable Sir Abdur Rahim): That is another matter altogether. The Honourable Member must address himself to the Bill before the House.

**Dr. Sir Ziauddin Ahmad:** I say that this particular provision that the Honourable Member has brought forward does not really go far enough and it will not achieve the object which my friend has in view. It was pointed out at that time that there will be concentration of shares in the hands of one man and we pointed out certain difficulties—that they will put up the value of the shares very high. My friend discovered this during the working of this Reserve Bank Act during the last five years, and now he has come forward with this proposal. This proposal will not achieve the object the Honourable Member has in mind on account of the difficulties which my friend, Sir Muhammad Yamin Khan, pointed out. The smaller people are anxious to get rid of their share. I know in my own case I offered to purchase the shares in my name and in the name of my son, and so on. I could not get any share myself, but my son got some shares—five shares. We find in practice that he gets only about Rs. 12½ for a Rs. 500 share. It is not worth while for him to take the trouble to go to the income-tax officer and fill up all the forms, in order to recover Rs. 2½ from him on a share of Rs. 500, and, therefore, he will be pleased to get rid of it,

[Dr. Sir Ziauddin Ahmad.]

because he cannot derive benefit in the same way as the big businessmen who hold shares in the Reserve Bank and the result is that these small people are now getting only Rs 12½ for the whole year. Businessmen, especially what is called 3B—Big Bombay Businessmen—will be able to derive great benefit from the shares. They will always purchase it because it will pay them. Even if we put a restriction on 200 shares, this Bill will not achieve the object which my friend has in mind, because the shares will be purchased by the big businessman, first in his own name, and then in the name of his sons and daughters and other relatives and in the name of some other friends, so that he may be able to control a very large number of votes. After working for some more time, you will find that the difficulties are not minimised at all. The difficulties will still be there and he will have to come forward with some other suggestion. I make a workable suggestion to my friend and that is that the Government may purchase all the shares and they should work as a Government bank. That is what would ultimately happen in the case of the Reserve Bank and that would be the ultimate object which we will have to achieve.

I do not want to discuss any other aspect of the Reserve Bank, because other things that we pointed out in connection with the Reserve Bank have already been removed by executive action, such as rate of profit and dividend. We were apprehensive at that time that very large dividends will be paid and that will pass on to other people, but they have regulated the dividend, which has had a salutary effect. Some persons who have got personal interests in being Directors will have gifts by means of which they can help other banks.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member is really travelling away from the Bill. He cannot discuss the general policy of the Act.

**Dr. Sir Ziauddin Ahmad:** I am discussing this particular clause. It will be worth-while for those persons who have power in their hands to purchase these shares and those persons who have got no other interests in the Reserve Bank except the academic interest, or the interest in the general prosperity of the bank will not come to purchase the shares. They have no axe to grind. It is only those who want to use the Reserve Bank for their own purposes that will come forward, spend money and purchase a large number of shares in order to get themselves elected as Directors. I welcome this particular suggestion in the Bill, but it does not go far enough and it will not achieve the object embodied in the Bill. Power will still rest in the hands of a few individuals, and you will find that it is a source of nuisance to the Government and a source of great nuisance to the poor people and poor tax-payers of this country. With these words, I support the motion.

**Mr. Muhammad Numan** (Patna and Chota Nagpur *cum* Orissa : Muhammadan): Sir, I rise to support the Reserve Bank Amendment Bill as it has been placed before us. It does not require any further discussion as the point has been elucidated very ably by the Honourable the Finance Member and he went even so far as to say that this particular clause was moved as an amendment by the Members of this House, when the Reserve Bank Bill was being passed but was only resisted at that time in view of the optimistic view of the then Finance Member, Sir George Schuster.

In practice it has now been found out that it is necessary. As has been pointed out, the number of shareholders in the Reserve Bank has dropped by 38 per cent. It has been stated that this position will not be very much affected by this particular piece of legislation also which is proposed here. It might help us to some extent but it will not take us far enough.

It has been explained to this House by my Honourable friends, Sir Ziauddin Ahmad and Sir Yamin Khan as well. Whatever we have stated has only a suggestive value as no amendments have been moved to this particular Bill to that effect, still we wanted to impress upon the Government that this may be also borne in mind that although this particular amendment may help the Government in avoiding the concentration of holdings in one hand, yet, it will not do as much as is desired. Now, Sir, in this case I am very glad that Sir Yamin Khan pointed out the difficulty of the poor people who are holding these shares, *viz.*, that the income-tax is deducted at source and at the highest rate and those shares on whom the rate does not apply cannot get a refund unless they knock about the officers' doors here and there, for which either they have not got the time or even sufficient knowledge to approach the right authority. I do realise that another difficulty probably with the Government is this that all the other big companies also unfortunately adopt the same method of collecting income-tax at source. I know all the jute companies in Calcutta and elsewhere act like this and deduct the income-tax at source at the highest rate, although that particular rate does not in most cases apply to that particular shareholder. We have to write letters to the income-tax officer and get refunds, but many people I believe do not get refunds probably because they do not approach the Income-tax Authority because of great botheration. So that is the difficulty and I appreciate it. Still there is no going back from the fact that this is also one of the factors which makes the small shareholder feel that holding of Reserve Bank shares does not give him the desired benefit or does not give him the desired return. If it is possible to relieve the situation by a suitable amendment, I think the earlier this is done the better, although that particular suggestion has not much to do with this particular amendment to the Bill we have before us, but I suggested earlier that it is only to impress upon the House that although we are trying to cure the disease, we really ought to relieve the cause, we ought to find out the cause and see what are the different factors which are compelling this monopolist attitude and why the holdings are being monopolised by certain individuals, and are shifting from middle class of people. I hope that this view may be seriously taken into consideration, and at some future time or after a full inquiry another Bill might be brought in, which will relieve the cause and will give more interest to the ordinary shareholder. Give them the same advantages as the other people who are holding the monopoly and who do have, because they have facilities of collecting refunds. With these few words, Sir, I support the Bill as it is.

**The Honourable Sir Jeremy Raisman:** Sir, I am glad to note that my expectation that this amending Bill would find favour with the House has been realized. The only doubts which have been expressed are the doubts which the Government themselves entertained in 1934, *viz.*, whether a provision on these lines would be effective. Well, Sir, we have given the matter our most careful thought and we feel that we will certainly make an endeavour to see how far amendments of this kind will go to

[Sir Jeremy Raisman.]

prevent any further deterioration in the situation. In view of the history of this matter I am very loth to express optimistic views, but it is one thing to say that what you propose may not be effective and another thing to say, "well, do nothing about it" We feel that this at any rate is a step in the right direction and we hope that the doubts expressed by Honourable Members will prove unfounded and that this will in course of time genuinely prevent the further concentration in a limited number of hands of the shares of the Bank. There is only one other small matter to which both my Honourable friends, Sir Yamin Khan and Mr Nauman, drew attention. They argued that the fact that income-tax is deductible at the source on these shares is the reason which has militated against their favour by the small man and that that has been one of the main reasons which have led to the process which we are now trying to counteract. Well, Sir, the feature of deduction of income-tax at the source is one which applies to all Government securities and the Reserve Bank shares are I venture to say, statutorily in the same position as Government securities and I think that they are comparable with Government securities. Well, it is absolutely essential in the interests of simplicity of administration of income-tax that the tax should be deducted at the source on that large body of income which is disbursed by Government on its own securities. We have gone as far as we can to prevent inconvenience to the small man. It is not necessary for him to obtain a refund on every dividend or interest coupon. He can go once for all to the income-tax officer and obtain from him an exemption certificate. Once he has done that and sent that to the Reserve Bank, income-tax will no longer be deducted on his shares.

**Sir Muhammad Yamin Khan:** But supposing he becomes assessable next year, how could it be done once for all?

**The Honourable Sir Jeremy Raisman:** Well, Sir, if he is a man who, the income-tax officer judges, can be given a certificate of this kind, the income-tax officer will give him a certificate, and if a change afterwards takes place in his circumstances, the income-tax officer will then have to assess the income-tax on his holdings of shares. At any rate the problem is there. It is a matter of great difficulty. You cannot amend the whole system of deduction of income-tax at the source in order to cater for a comparatively limited number of cases, and I claim that we have gone as far as we can to eliminate that difficulty.

**Mr. Muhammad Nauman:** May I offer one suggestion—whether it would be possible, if the Reserve Bank itself opens an office for refund of income-tax money charged?

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member has had his say. The question is:

"That the Bill further to amend the Reserve Bank of India Act, 1934 (Second Amendment), be taken into consideration."

The motion was adopted.



Clauses 2 and 3 were added to the Bill.

Clause 1 was added to the Bill.

The Title and the Preamble were added to the Bill.

**The Honourable Sir Jeremy Raisman:** Sir, I move

"That the Bill be passed."

**Mr. President** (The Honourable Sir Abdur Rahim): The question is

"That the Bill be passed."

The motion was adopted.

The Assembly then adjourned till Eleven of the Clock on Tuesday, the 5th March, 1940.



# LEGISLATIVE ASSEMBLY.

*Tuesday, 5th March, 1940.*

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. President (The Honourable Sir Abdur Rahim) in the Chair.

## MEMBER SWORN.

Mr Douglas Colin Campbell, M.L.A. (Government of India: Nominated Official).

## STARRED QUESTIONS AND ANSWERS.

### (a) ORAL ANSWERS.

†254\*—264\*.

#### GRANT OF A WAR ALLOWANCE TO GOVERNMENT SERVANTS.

**265. \*Mr. J. Ramsay Scott** (on behalf of Lieut.-Colonel Sir Henry Gidney): Will the Honourable the Finance Member please state whether Government propose to grant a war allowance of ten per cent. of their salaries to Government servants in view of the enhanced cost of commodities? If not, why not?

**The Honourable Sir Jeremy Raisman:** No. The attention of the Honourable Member is invited to the speech of the Honourable the Railway Member introducing the Railway Budget for 1940-41, particularly to paragraphs 23—25 and 30 which are of general application.

#### RESCISSION OF ORDER REQUIRING GOVERNMENT SERVANTS TO PAY TO GOVERNMENT ONE-THIRD OF INCOME EARNED BY THEM IN PRIVATE EMPLOYMENT.

**266. \*Mr. J. Ramsay Scott** (on behalf of Lieut.-Colonel Sir Henry Gidney): Will the Honourable the Finance Member please state whether Government propose to rescind the order which requires Government servants to pay to Government one-third of the income earned by them in private employment during their spare time? If not, why not?

**The Honourable Sir Jeremy Raisman:** No. It has long been recognised that Government have a right to a share of such fees. The relevant rule provides, however, for exemptions in special cases and Government consider that this is sufficient safeguard against its too rigid application.

**Dr. Sir Ziauddin Ahmad:** Will this one-third be deducted from their allowance and the expenditure will thus be reduced, or will it be supposed to be a contribution to general revenues?

**The Honourable Sir Jeremy Raisman:** It forms a contribution to general revenues.

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† For these questions and answers, see pages 901 to 909 of these debates.

**PAYMENT BY GOVERNMENT SERVANTS OF THE ENTIRE AMOUNT EARNED BY THEM IN PRIVATE EMPLOYMENT.**

**267. \*Mr. J. Ramsay Scott** (on behalf of Lieut.-Colonel Sir Henry Gidney): (a) Will the Honourable the Finance Member please state whether it is a fact that Government servants are asked to pay into the Government treasury the entire emoluments earned by them in private employment during their spare time and that Government subsequently refund two thirds, retaining one-third?

(b) In view of the hardship entailed by the present procedure involving considerable delay, do Government propose to allow Government servants to retain two thirds of such emoluments and pay into the Government treasury one third? If not, why not?

**The Honourable Sir Jeremy Raisman:** (a) and (b): Where a Government servant is permitted to retain the entire fee, no payment is made into the Government accounts. In other cases the fees are usually paid by private bodies to Government and not direct to the Government servant and in any case as the amount of the fees and the respective shares are not always known beforehand, the simplest procedure is for the fees to be paid into Government account first and the share of the Government servant to be paid out later. However, orders have recently been issued that where the amount of the fee and the amount of the Government share are prescribed only the Government share need be credited into the treasury and the balance may be paid to the Government servant direct.

**MODEL HOUSING SCHEME IN THE ALLAHABAD CANTONMENT.**

**268. \*Mr. Akhil Chandra Datta:** (a) Will the Defence Secretary be pleased to state whether it is a fact that in the R. A. Bazar at Allahabad Cantonment a model housing scheme was prepared sometime ago and under that scheme the houses of poor people were resumed?

(b) Is it also a fact that the same land was given to a member of the Cantonment Board who constructed blocks of houses on it for purposes of renting out the same to the people?

(c) Is it a fact that the rent and premium charged from this member were less than those at which others are given land in Allahabad Cantonment?

(d) Is it also a fact that after the land was given over to this member, the so-called housing scheme was not adhered to?

(e) What steps do Government propose to take in the matter?

**Mr. C. M. G. Ogilvie:** (a) to (e) The information has been called for and a reply will be laid on the table of the House in due course.

**NON-EXTENSION OF THE BENEFIT OF PROVIDENT FUND TO MENIAL SERVANTS OF THE CANTONMENT BOARDS.**

**269. \*Mr. Akhil Chandra Datta:** (a) Will the Defence Secretary be pleased to state whether it is a fact that in the Cantonment Fund Servants Rules framed by the Government of India, a distinction has been drawn between menial servants and other servants of the Cantonment Board?

(b) Is it a fact that the benefit of Provident Fund has not been extended to the menial servants?

(c) What steps do Government propose to take to remove this disparity?

**Mr. C. M. G. Ogilvie:** (a) Yes.

(b) No; the benefit does extend to menial servants subject to the discretion of the Board.

(c) None.

#### ALLEGATIONS AGAINST THE HEALTH OFFICER OF THE AGRA CANTONMENT BOARD.

**270. \*Mr. Akhil Chandra Datta:** (a) Will the Defence Secretary be pleased to state whether it is a fact that rules have been framed by the Agra Cantonment Board under which the Bazar Committee cannot transact any business unless the Health Officer is present?

(b) Is it a fact that the present Health Officer of Agra Cantonment Board has been dealing with the elected members in Cantonment in an insulting manner?

(c) Is it a fact that all the elected members of the Cantonment Board in Agra have resigned from all sub-committees of the Board except the Bazar Committee? If so, what steps do Government propose to take in the matter?

**Mr. C. M. G. Ogilvie:** (a) No

(b) Government have no reason to believe that this is so

(c) They resigned last June but five out of the six withdrew their resignations three days later. I have not been able to find out whether the sixth also withdrew his resignation. The latter part of the question does not arise.

#### SYSTEM OF ARMY CONTRACTORS FOR THE SERVICE OF BRITISH TROOPS IN CANTONMENTS.

**271. \*Mr. Akhil Chandra Datta:** (a) Will the Defence Secretary be pleased to state whether there exists in India a system of Army contractors for the service of British troops stationed in various cantonments in the country?

(b) How many firms are registered with the Quartermaster General in India as eligible for getting Army Institute contracts?

(c) How many of these firms are actually holding contracts, and how many are without any contracts at present?

(d) Are there any firms having more than one unit contracts? If so, what is the number of unit contracts held by various firms?

(e) Is it a fact that these Army Institute contractors pay a certain amount of rebate? If so, what is its rate, and how are the receipts accounted for?

(f) Is it a fact that membership of the Canteen Contractors Syndicate, Limited, is a compulsory qualification of Army contractors?

(g) Have Government contributed anything towards the share capital of the Syndicate?

(h) Do Government exercise any control over the activities of the Syndicate? If so, in what manner?

(i) Is the Managing Director of the Syndicate appointed by Government? If so, what is his pay and allowances?

(j) Is the pay and allowances of the Managing Director paid by Government? If so, from what funds?

(k) Has any Indian been appointed to the post of the Managing Director? If not, why not?

**Mr. C. M. G. Ogilvie:** (a) Yes.

(b) 143.

(c) 83 firms hold contracts, and 60 firms do not.

(d) Yes. 52 firms hold one contract. The remaining 31 firms hold on an average four contracts each.

(e) Yes. The rate of rebate is settled between the Commanding Officer of a unit and the contractor and it varies in each case. The receipts are accounted for in the "Institute Fund Account" of the units.

(f) Yes.

(g) No.

(h) Yes, general supervision relating to all matters connected with the institute.

(i) Yes. His consolidated pay is Rs 3,000 per mensem.

(j) Yes. From Defence Services Estimates.

(k) No. So far there have been only two managing directors and the persons who were deemed best qualified for the post were not Indians.

#### PLACING OF THE BRITISH INFANTRY BAZAR OF ALLAHABAD CANTONMENT OUT OF BOUNDS FOR TROOPS.

**272. \*Mr. Akhil Chandra Datta:** (a) Will the Defence Secretary be pleased to state whether it is a fact that the British Infantry Bazar of Allahabad Cantonment was placed out of bounds for troops in 1936 and continues to be so till to-day? If so, why?

(b) Is it also a fact that, as a result of the 'out of bounds' order, no soldier comes to the Bazar and the shopkeepers are deprived of their trade?

(c) Is it a fact that this order was issued because the father of a local congressman who hoists national flag at his house, has a shop in the Bazar?

**Mr. C. M. G. Ogilvie:** I am collecting the information and will lay it on the table in due course.

**Mr. President** (The Honourable Sir Abdur Rahim): The answers to the next two questions will be laid on the table as the quota of the Honourable Member has been exhausted.

**MONOPOLY OF TRADE OF BRITISH UNITS HELD BY ARMY INSTITUTE CONTRACTORS.**

†273. \***Mr. Akhil Chandra Datta:** (a) Will the Defence Secretary be pleased to state whether it is a fact that the Army Institute contractors hold a monopoly of trade of British Units?

(b) Is it a fact that in order to attract trade for the Institute contractors, civilian bazar areas are often placed out of bounds by the Military Officers Commanding?

(c) Is it also a fact that by placing the civilian bazar out of bounds, practically no trade goes to bazar traders?

(d) Is it also a fact that a system of Blue Lights or credit coupons is enforced in some of the British Units in India?

(e) Is it a fact that on account of this system the Army Institute contractors practically get all the pay of the soldiers and nothing remains for them to spend outside?

**Mr. C. M. G. Ogilvie:** (a) Institute contractors of British units are given a monopoly for the supply of certain goods required for consumption by the troops, to wit, all articles for messing for junior Non-Commissioned Officers and men except articles supplied by Royal Indian Army Service Corps, Military Farms Department and Contract Dairies. This is in accordance with Rule 46, Institute Rules, India, 1938.

(b) No.

(c) This does not arise.

(d) The system is in vogue in some units but it is not enforced. Where it is in use the value of the tickets is normally restricted to Rs. 3 per British other rank per week.

(e) No.

**EMPLOYMENT OF SERVANTS THROUGH CONTRACTORS IN BRITISH UNITS.**

†274. \***Mr. Akhil Chandra Datta:** (a) Will the Defence Secretary be pleased to state whether it is a fact that tailors, *mochis*, *dhobeys*, barbers and boot-boys are employed by the British Units in India through contractors, who are required to pay a certain amount of monthly rebate to the Regimental fund?

(b) Is he aware that the contractors through whom the various servants are employed charge big middle-man's profit from the workers like *mochis*, *dhobeys*, barbers and boot-boys?

(c) Is he also aware that, in order to obtain maximum profits, the contractors import various kinds of servants from outside to the detriment of cantonment residents?

(d) What steps do Government propose to take in the matter?

**Mr. C. M. G. Ogilvie:** (a) to (d). I refer the Honourable Member to my answer to starred question No. 380 asked by Mr. Mohan Lal Saksena on the 14th February, 1939, on the same subject.

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†Answer to this question laid on the table, the questioner having exhausted his quota.

**PROMOTIONS TO ASSISTANT'S GRADE IN THE HOME DEPARTMENT.**

**275. \*Mr. Umar Aly Shah:** Will the Honourable the Home Member please state:

- (a) the total strength of the first, second and third division clerks, separately, in the Home Department as it stood on the 1st May, 1930;
- (b) the number of vacancies that occurred in the first division since 1st May, 1930;
- (c) the number of new posts that were created in the first division since 1st May, 1930,
- (d) the number of vacancies in the first division which were filled by promoting either second division or third division clerks;
- (e) the number of vacancies which were filled by appointing outsiders through the Public Service Commission or the Home Department, as the case may be; and
- (f) in how many cases a departure from the fifty-fifty per cent rule was made in filling up the vacancies which occurred since the 1st May, 1930?

**The Honourable Sir Reginald Maxwell:** (a) 25, 27 and 11 respectively

(b) Vacancies in 16 posts of which two were abolished

(c) One.

(d) Ten.

(e) Five

(f) Under the orders in force during the period 1st April, 1930, to 31st March, 1936, two-thirds of the vacancies in the First Division were filled by promotion. Thereafter, the fifty-fifty per cent. rule came into operation and has since been observed

**PROMOTIONS TO ASSISTANT'S GRADE IN THE FINANCE DEPARTMENT.**

**276. \*Mr. Umar Aly Shah:** Will the Honourable the Finance Member please state

- (a) the total strength of the first, second and third division clerks, separately, in the Finance Department as it stood on the 1st May, 1930;
- (b) the number of vacancies that occurred in the first division since 1st May, 1930,
- (c) the number of new posts that were created in the first division since 1st May, 1930,
- (d) the number of vacancies in the first division which were filled by promoting either second division or third division clerks;
- (e) the number of vacancies which were filled by appointing outsiders through the Public Service Commission or the Home Department, as the case may be; and



- (f) in how many cases a departure from the fifty-fifty per cent. rule was made in filling up the vacancies which occurred since the 1st May, 1930?

**The Honourable Sir Jeremy Raisman:** (a) 36, 35 and 12 respectively;

(b) 23;

(c) 14 (two of these have not yet been filled);

(d) six second division clerks;

(e) eight;

(f) Finance Department was bound by the 50/50 rule referred to by the Honourable Member only up to October, 1936. In view of the highly specialised nature of Finance Department's work it was recognised that methods of recruitment considered suitable for other Departments were not necessarily appropriate for Finance Department. Since the above date, therefore, the 50/50 rule has no longer applied to Finance Department. While it was in force there was no departure therefrom.

#### PROMOTIONS TO ASSISTANT'S GRADE IN THE DEFENCE DEPARTMENT.

**277. \*Mr. Umar Aly Shah:** Will the Defence Secretary please state:

- (a) the total strength of the first, second and third division clerks, separately, in the Defence Department as it stood on the 1st May, 1930;
- (b) the number of vacancies that occurred in the first division since 1st May, 1930;
- (c) the number of new posts that were created in the first division since 1st May, 1930;
- (d) the number of vacancies in the first division which were filled by promoting either second division or third division clerks;
- (e) the number of vacancies which were filled by appointing outsiders through the Public Service Commission or the Home Department, as the case may be; and
- (f) in how many cases a departure from the fifty-fifty per cent. rule was made in filling up the vacancies which occurred since the 1st May, 1930?

**Mr. C. M. G. Ogilvie:** (a) First Division—32

Second Division—38

Third Division—16.

(b) Nine.

(c) One on the scale of pay of Rs. 200—10—400.

(d) Four by promotion of Second Division clerks

(e) Five filled by the Home Department.

(f) None.

### RECRUITMENT OF MUSLIMS IN THE INTELLIGENCE BUREAU.

**278. \*Mr. H. A. Sathar H. Essak Sait** (on behalf of Khan Bahadur Nawab Siddique Ali Khan): (a) Will the Honourable the Home Member kindly state the total strength of the ministerial staff employed in the Intelligence Bureau?

(b) What is the present proportion of the Muslims in the different cadres including Superintendents in the Headquarters and in the subordinate offices in the Provinces?

(c) What was it before the 1st May, 1935?

(d) How many new appointments have been made in this office since May, 1935, and how many Muslims have been taken in different grades?

(e) How many departmental promotions have been made in this office since May, 1935, and how many Muslims have been promoted?

(f) Is it a fact that non-Muslims with inferior qualifications have been promoted and Muslims have been ignored? If so, why?

(g) Is it a fact that for the past seven or eight years no Muslim has been appointed in this office direct in the Assistant's grade? If so, why?

(h) Is the Honourable Member prepared to look into these matters of this office?

**The Honourable Sir Reginald Maxwell:** (a) 117

(b) and (c). I lay on the table a statement giving the required information

(d) 82 21 Muslims were taken in different grades, namely, one as an assistant, 16 as third division clerks, and four as stenographers

(e) 27. 7 Muslims were promoted

(f) No.

(g) During the last eight years only one permanent and five temporary posts of assistant were filled by direct recruitment. A Muslim was appointed to one of the latter

(h) The information furnished above indicates that the interests of the Muslims in the Intelligence Bureau are already adequately protected

*Statement showing the proportion of Muslims in the different cadres at the Headquarters and in the subordinate offices of the Intelligence Bureau.*

(i) On 1st February, 1940—		Per cent.
Superintendents	. . . . .	Nil.
Assistants	. . . . .	25.9
Clerks, Second Division	. . . . .	50
Clerks, Third Division.	. . . . .	34
Stenographers	. . . . .	31.8
(ii) On 30th April, 1935—		
Superintendents	. . . . .	Nil.
Assistants	. . . . .	27.8
Clerks, Second Division	. . . . .	21.4
Clerks, Third Division.	. . . . .	33.3
Stenographers	. . . . .	20

## TRANSFERRED QUESTIONS AND ANSWERS†

### WRITTEN ANSWERS.

#### RECRUITMENT OF STAFF AND PROMOTIONS IN THE SUPPLY DEPARTMENT.

**254. \*Maulvi Muhammad Abdul Ghani:** (a) Will the Honourable the Leader of the House kindly state whether the Assistant Director (now Under Secretary) Administration, in the Supply Department has been reported upon as "communal-minded" in any of his previous reports?

(b) If the answer to part (a) be in the affirmative, will Government be pleased to state the circumstances under which he was placed in charge of recruitment?

(c) How many persons have been recruited in the various grades since he took up administration work and how many of them are Muslims?

(d) Has the attention of the Honourable Member been drawn to a ruling given by the Under Secretary (Administration) that the Government of India, Home Department, orders regarding communal representations apply to existing as well as fresh recruitments in the Supply Department and not to fresh recruitments separately? If so, is this ruling in conformity with the spirit of the original orders?

(e) Will the Honourable Member be pleased to state—

(i) the number of third or routine division men recruited in the Third Division and subsequently promoted to higher grades and how many of them are Muslims;

(ii) the number of clerks promoted as Assistants or taken direct as Assistants and how many of them are Muslims;

(iii) the number of clerks taken in as stenographers and how many of them are Muslims;

(iv) the number of Assistants taken as Assistants and how many of them are Muslims;

(v) the number of clerks or Assistants subsequently promoted as Superintendents or Assistants-in-charge and the dates from which such promotions have been sanctioned; and

(vi) the standard for promotions to higher grades?

(f) Will the Honourable Member be pleased to state if one of the conditions for recruitment to this Department was that a candidate must at least be a graduate? If so, will he please state the number of Assistants, stenographers and clerks recruited since the Assistant Director (now Under Secretary) took up recruitment charge and how many of them are graduates?

**The Honourable Sir Muhammad Zafrullah Khan:** (a), (b) and (c) It is not the practice of Government to disclose the information contained in confidential reports on officers. I may say, however, that there is no foundation in these reports for the imputation made, nor has the officer in question been placed in charge of recruitment.

(d) There is no such ruling.

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†The meeting of the Assembly that was to be held on the 4th March, 1940, having been cancelled, the answers to starred questions for that day were, in pursuance of convention, laid on the table of the House today.—*E. of D*

- (e) (i) Five of whom two are Muslims.
- (ii) Nineteen of whom three are Muslims
- (iii) Three of whom two are Muslims
- (iv) Four of whom one is a Muslim.
- (v) Four with effect from the 16th September.
- (vi) Promotions are by selection
- (f) The answer to the first part of the question is in the negative and the second part, therefore, does not arise.

#### APPLICATION OF RATES OF PAY RULES TO STAFF IN THE SUPPLY DEPARTMENT.

**255. \*Maulvi Muhammad Abdul Ghani:** Will the Honourable the Leader of the House be pleased to state cases in the Supply Department in which exceptions in matters of applications of rates of pay rules were made? What special considerations were taken into account in granting old scales of pay to those who entered service after July 1931 or have had breaks in their service after that date?

**The Honourable Sir Muhammad Zafrullah Khan:** There are no cases in the Supply Department of the nature referred to.

#### ADVANCE INCREMENTS GRANTED TO STAFF IN THE SUPPLY DEPARTMENT.

**256. \*Maulvi Muhammad Abdul Ghani:** Will the Honourable the Leader of the House be pleased to state the number of cases in which advance increments were granted in the case of staff joining the Supply Department, and special circumstances for the grant of such a treatment?

**The Honourable Sir Muhammad Zafrullah Khan:** There have been two such cases and a third is at present under consideration. In each case, the scale on which the assistant in question joined the Supply Department was different from the scale of the parent department, and was recruited because of special knowledge or experience. Advance increments were given, after consultation with the Finance Department, to safeguard the incumbent against existing or prospective loss in fitting him into the new scale.

#### SUSPECTED CASE OF LEAKAGE OF INFORMATION IN THE SUPPLY DEPARTMENT.

**257. \*Maulvi Muhammad Abdul Ghani:** (a) Will the Honourable the Leader of the House be pleased to state if there was a suspected case of leakage of information in the Supply Department and the Government had to pay more due to fluctuations of market?

(b) If the reply to part (a) be in the affirmative, was that enquiry handed over to police for investigation? If not, why not?

(c) At what stage did the information in question reach the Assistant Director, Administration, and at what time the market went up?

(d) Do Government now propose to consider the proposal of instituting enquiries through police?

(e) What was the amount of losses caused to Government due to the said leakage?

**The Honourable Sir Muhammad Zafrullah Khan:** (a) No

(b), (c), (d) and (e) Do not arise

# ABSENCE OF MUSLIM OFFICERS IN THE DEPARTMENT OF EDUCATION, HEALTH AND LANDS.

258. \*Mr. Nabi Baksh Illahi Baksh Bhutto: (a) Will the Education Secretary kindly state whether it is a fact that no Muslim officer has been brought in the Department since April 1935, and that the only Muslim officer in the Department on that date, who has been transferred to another Department, has not been replaced by a Muslim?

(b) Is it a fact that in April 1939, the strength of officers, community-wise, in the Department was as under

	Hindu.	Christian.	Muslim.	Total.
Honourable Member	1	.	..	1
Secretary	1	.	..	1
Joint Secretary	1	..	..	1
Deputy Secretary	.	1	.	1
Additional Deputy Secretary	.	1	.	1
Under Secretaries	2	1	..	3
Assistant Secretary	1	.	..	1
	6	3	..	9

(c) What are the reasons for the total elimination of Muslim officers from the Department? What steps do Government propose to take to give due share to Muslim officers in this Department?

Sir Girja Shankar Bajpai: (a) Yes

(b) No, a correct statement is placed on the table of the House

(c) Officers are appointed to the Government of India Secretariat by the Governor General in Council on the recommendation of the Selection Board. The rules for communal representation do not apply to these selections

*Statement showing the strength of Officers, communitywise, in the Department of Education, Health and Lands, in April 1939.*

Designation of officers	Hindus	Muslims	Europeans	Others	Total	Remarks
Secretary	1			.	1	
Joint Secretary	1*				1	*Remained in this Department from the 27th April to the 30th June, 1939
Educational Commissioner			1		1	
Deputy Secretary			1		1	
Additional Deputy Secretary			1		1	
Under Secretaries	1		1	1	3	
Assistant Secretary	1†			..	1	†Retired on the 30th November, 1939.
	4		4	1	9	

**ABSENCE OF MUSLIM OFFICERS IN THE ATTACHED OFFICES OF THE  
DEPARTMENT OF EDUCATION, HEALTH AND LANDS.**

**259. \*Mr. Nabi Baksh Illahi Baksh Bhutto:** (a) Will the Education Secretary kindly state if the following list of officers in the Attached Offices of the Department of Education, Health and Lands is correct? If it is not correct, will Government kindly give correct figures:

	Hindu.	Christian.	Muslim.	Total.
<i>Director General, Indian Medical Service—</i>				
Director General . . . . .				
Public Health Commissioner . . . . .				
Deputy Director General . . . . .				
Assistant Director General . . . . .				
Deputy Public Health Commissioner . . . . .				
Assistant Public Health Commissioner . . . . .				
Officer on Special Duty . . . . .				
Officer Supervisor . . . . .				
Assistant Secretary, Indian Research Fund Association . . . . .				

*Archæology—*

Director General . . . . .	
Deputy Director General . . . . .	

*Agricultural Research Council (Imperial  
Council of Agricultural Research)—*

Chairman . . . . .	
Vice-Chairman . . . . .	
Secretary . . . . .	Parsi 1
Animal Husbandry Commissioner . . . . .	
Assistant Animal Husbandry Commis- sioner . . . . .	
Agricultural Commissioner . . . . .	
Assistant Agricultural Commissioner . . . . .	
Statistician . . . . .	

*Agents in Colonies*

(b) Is it a fact that in place of the European Agricultural Marketing Adviser, a Hindu was appointed?

(c) Is it a fact that in place of a Christian Superintendent of Education, Delhi and Ajmer, a Hindu was appointed?

(d) Is it a fact that in place of the Muslim Keeper of Records a Hindu has been permanently appointed?

(e) What are the reasons for the elimination of Muslims in the Attached Offices of this Department? What steps do Government propose to give due share to Muslim Officers in the Attached Offices of the Department of Education, Health and Lands?

**Sir Girja Shankar Bajpai:** (a) A statement giving the correct designation and communities of the officers is laid on the table

(b) In 1938 the senior most available Provincial Director of Agriculture, a Hindu, was appointed for a period of about 3½ months during the absence on leave of the permanent incumbent of the post of Agricultural Marketing Adviser who is a European.

(c) Yes, in an officiating capacity for about seven months in 1939 during the absence on leave of the permanent incumbent

(d) A Hindu has been appointed on contract for five years. He was selected by the Federal Public Service Commission.

(e) It is not possible to apply a communal ratio to posts requiring special and technical qualifications. In making appointments to such posts, however, the desirability of maintaining a balance between the communities is invariably borne in mind

*Statement giving the number of officers, communitywise in the offices attached to the Department of Education, Health and Lands, in February, 1940.*

Designation.	Hindus.	Euro-peans	Mus-lims	Others	Total.	Remarks.
(1)	(2)	(3)	(4)	(5)	(6)	(7)
<i>Office of the Director General, Indian Medical Service.</i>						
Director General Indian Medical Service	..	1			1	Selection to these posts is made from the Indian Medical Service.
Public Health Commissioner with the Government of India	.	1	..		1	
Deputy Director General, Indian Medical Service.	.	1	.		1	
Assistant Director General, Indian Medical Service.	1	..	..	.	1	
Deputy Public Health Commissioner.	1	..	..	..	1	Technical post.
Assistant Public Health Commissioner.	1	..	..	..	1	
Officer on Special Duty.	1	..	..	..	1	Temporary
Officer Supervisor	1	..	.	..	1	
Total	5	3	..	..	8	

*Statement giving the number of officers, communitywise in the offices attached to the Department of Education, Health and Lands, in February 1940.*

Designation.	Hindus	Euro- peans.	Mus- lims.	Others.	Total.	Remarks.
(1)	(2)	(3)	(4)	(5)	(6)	(7)
<i>Office of the Director General of Archaeology in India.</i>						
Director General .	1	.	..	.	1	
Deputy Director General	1	..	.	..	1	
Assistant Superin- tendent.	..	1	.	.	1	
Total .	2	1		.	3	
<i>Office of the Imperial Council of Agricultural Research.</i>						
Vice-Chairman .	.			1 (Par-1)	1	
Agricultural Commis- sioner with the Government of India	.	1			1	The communal or- ders do not apply to the recruitment to these posts— The present incum- bents of these posts were recruit- ed prior to the conversion of Imperial Council of Agricultural Research as an office attached to the Department of Education, Health and Lands
Animal Husbandry Commissioner with the Government of India.	..	1		.	1	
Secretary .	1				1	
Assistant Agricultural Expert	1				1	
Assistant Animal Husbandry Expert	1				1	
Total .	3	2	.	1 (Par-1).	6	
Agents in Colonies .	3	1			4	

#### OFFICE HOURS OF THE INDIAN STORES DEPARTMENT.

260. **\*Khan Bahadur Shaikh Fazl-i-Haq Piracha:** (a) Will the Honourable Member for Commerce please state if it is a fact that the office hours of the Indian Stores Department have been fixed at 9-30 A.M. to 5 P.M. and that the members of the staff are ordinarily putting in late hours, sitting up to 9 P.M. in some cases?

(b) Are Government prepared to take steps to lighten their burden by increasing the number of clerks, or issue orders that no member of the staff should stay after office hours unless specially asked to do so?

(c) Is it a fact that the staff in the Indian Stores Department get the same rates of pay as the people in other offices? If so, are Government prepared to arrange to suitably remunerate the Indian Stores Department staff in view of the late hours kept by them?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** (a) I understand that office hours have been temporarily fixed between 9-30 A.M. to 5 P.M. and I am not aware that any one is required to work in office beyond office hours.



(b) The adequacy of staff in regard to the requirements of work is reviewed, as found necessary, by Government and I do not consider that orders are necessary for the purpose suggested by the Honourable Member.

(c) The scales of pay in the Indian Stores Department are generally similar to those applicable to similar appointments in other civil attached offices to the Government of India. The latter half of the question does not arise in view of what I have said in answer to parts (a) and (b) of the question.

#### PROMOTIONS IN THE INDIAN STORES DEPARTMENT.

**261. \*Khan Bahadur Shaikh Fazl-i-Haq Piracha:** (a) Will the Honourable Member for Commerce please state whether it is a fact that wholesale promotions have taken place in the Indian Stores Department? Will Government please place on the table a list showing the number of the people promoted?

(b) Is it a fact that out of 40 men promoted to the First Division, only one is a Muslim and that out of 100 First Division posts, only four are held by Muslims? If so, are Government prepared to take steps to remove the grievances of the Muslim members of the Indian Stores Department staff and remove the paucity of Muslims in that Department?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** (a) I place on the table a statement giving the information in regard to the Headquarters office of the Indian Stores Department which alone is readily available

(b) Out of 30 promoted to the first division, two are Muslims, and out of 57 first division posts in all in the Headquarters office of the Indian Stores Department, five are held by Muslims. The Government of India's general orders regarding communal representation apply to direct appointments in the Indian Stores Department, not to promotions within the Department.

*List showing the number of members of the staff of the Indian Stores Department (Headquarters Office) promoted since the 1st September 1939.*

Class of officer.	No promoted to a higher appointment.	Particulars of the posts to which promoted.	Remarks.
Gazetted Officers	4	To higher posts in the cadre.	
Superintendent .	1	Granted a special pay of Rs. 100 per mensem	
Assistants	4	To officiate as Superintendents.	
Clerks II Division .	30	To officiate as Assistants.	
	1	To officiate as Stenographer	
Clerks III Division .	40	To officiate as II Division clerks	
	1	To officiate as Stenographer.	
Inferior servants . .	12	To officiate as daffadars, jamadars and duffries.	

# GRIEVANCES OF MUSLIMS IN THE DEPARTMENT OF EDUCATION, HEALTH AND LANDS.

**262. \*Maulvi Muhammad Abdul Ghani:** (a) Will the Education Secretary kindly state if it is a fact that the Muslim Rights Protection Board, Lahore, pointed out to Government in appendix A to their representation that from 1925 to the date of the representation, 21 men were promoted or appointed to Division I in the Department of Education, Health and Lands, of whom only one is a Muslim? Are these figures correct? If not, what are the correct figures?

(b) Is it a fact that in appendix B to their representation, they gave other instances of differential treatment to members of different communities in the Education, Health and Lands Department? Are those instances correct? If not, which particular instance is wrong?

(c) Is it a fact that in appendix C the Board gave instances of supersessions of Muslims by Hindus in the matter of promotion to posts of Assistant Secretary, Superintendents, Assistants, etc? If so, to what extent is the statement correct?

(d) Has any Muslim been promoted to any post superseding a Hindu? If so, what is the name of the post?

**Sir Girja Shankar Bajpai:** (a), (b) and (c) I would invite the Honourable Member's attention to the reply I gave to his starred question No 225 on the 28th February, 1940. The representation was not addressed to this Department and I am not in a position to discuss its details.

(d) Yes, on several occasions. The posts concerned were those of Superintendent; Secretary, Central Advisory Board of Education, Assistant, upper time-scale, and Assistant, ordinary time-scale.

## PROPORTION OF DIFFERENT COMMUNITIES IN THE DEPARTMENT OF EDUCATION, HEALTH AND LANDS.

**263. \*Maulvi Muhammad Abdul Ghani:** (a) Will the Education Secretary please state if it is a fact that the Muslim Rights Protection Board, in their representation to Government last year stated that in April, 1924, the proportion of the different communities in the Department of Education, Health and Lands was as under.

	Per cent.
Hindus and Sikhs . . . . .	52.5
Muslims . . . . .	29.5
Christians . . . . .	18.0

(b) Is it a fact that in June, 1937, the percentage was as under

	Per cent.
Hindus and Sikhs . . . . .	72
Muslims . . . . .	23
Christians . . . . .	5

(c) Is it a fact that between the period mentioned above, office promotions and recruitment of the various communities in the Department was as under :

	Per cent.
Hindus and Sikhs	71
Muslims	12
Christians	2

(d) If the above figures are not correct, will the Honourable Member kindly give correct figures in each case?

**Sir Girja Shankar Bajpai:** (a) I would invite the Honourable Member's attention to the reply just given by me to parts (a), (b) and (c) of his question No. 262.

(b) and (d) A statement showing the proportions of various communities in the ministerial staff of the Department of Education, Health and Lands in April, 1924, and June, 1937, is placed on the table of the House

(c) The information required by the Honourable Member is being collected and will be supplied to the House as soon as it is available. As the Honourable Member will recognise, a great deal of time and labour is involved in collecting this information.

*Statement showing the proportions of the various communities in the Department of Education, Health and Lands in April, 1924, and June, 1937.*

Communities.	April, 1924.	June, 1937.
	Per cent.	Per cent.
Hindus	45.24	62.10
Muslims	27.38	26.26
Christians	21.43	6.32
Others	5.95	6.32

#### PARTIAL TREATMENT OF MUSLIMS IN THE DEPARTMENT OF EDUCATION, HEALTH AND LANDS AND ITS ATTACHED OFFICES.

**264. \*Maulvi Muhammad Abdul Ghani:** (a) Will the Education Secretary kindly state how the assurance of His Excellency the Viceroy to Mr. Jinnah that Government were fully alive to the necessity for safeguarding the legitimate interests of minorities, is proposed to be applied to the employees in the Department of Education, Health and Lands and its attached offices?

(b) Do Government propose to set up an inquiry committee with non-official majority to inquire into the instances of partial treatment brought to the notice of Government by the Muslim Rights Protection Board?

**Sir Girja Shankar Bajpai:** (a) The Department of Education, Health and Lands and its attached offices observe the instructions issued by the Government of India in 1934 relating to communal representation in services.

(b) The Honourable Member's attention is invited to the reply I gave to Mr. M. Ghiasuddin's starred question No. 968 on the 10th March, 1939.

## POSTS AND TELEGRAPHS APPROPRIATION ACCOUNTS.

**The Honourable Sir Jeremy Raisman** (Finance Member): Sir, I lay on the table a copy\* of the Appropriation Accounts (Posts and Telegraphs) 1938-39 and the Audit Report 1939.

## BILL PASSED BY THE COUNCIL OF STATE.

**Secretary of the Assembly:** Sir, in accordance with the provisions of rule 25 of the Indian Legislative Rules, I lay on the table a copy of a Bill to amend the Parsi Marriage and Divorce Act, 1936, which was passed by the Council of State at its meeting held on the 4th March, 1940.

## THE GENERAL BUDGET—GENERAL DISCUSSION.

## FIRST STAGE.

**Mr. President** (The Honourable Sir Abdur Rahim) The Chair understands, Mr Aney has some suggestion to make in regard to the general discussion of the General Budget.

**Mr. M. S. Aney** (Berar Non-Muhammadan): Sir, I wish to make a submission, and it is this. Usually the number of days allotted for general discussion on the Budget is two, but this year they have been cut down to one. I can understand why the Government thought it necessary to curtail the number of days from two to one, but I think it will be better to stick to the usual practice of having two days, because the general discussion on the Budget is generally taken as an occasion by all Members of the House to refer to various administrative matters which cannot be brought up for discussion in this House on any other occasion, and, therefore, a number of important questions are left untouched. In my humble opinion, therefore, curtailment of the number of days from two to one is somewhat injurious to the free and frank discussion of the entire administration of the Central Government on this occasion. I, therefore, submit that the Honourable the Leader of the House may again reconsider the matter and accept our suggestion that the general discussion instead of being confined to one day, should be extended to two days as usual.

**Sir Muhammad Yamin Khan** (Agra Division: Muhammadan Rural): Sir, I welcome the suggestion, and my Party whole-heartedly supports it. Some Members of my Party had already approached the Government on this matter. Even in the past when two days were allotted, some of us could hardly cover the entire field within the 15 minutes time limit, but on this occasion when the speech of the Honourable the Finance Member lasted for over 1½ hours, it will hardly be possible to do full justice within 15 minutes . . . . .

**The Honourable Sir Muhammad Zafrullah Khan** (Leader of the House): Today there will be more than three quarters of an hour extra because the whole of the questions hour has not been taken up by questions.

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\*Not printed in these debates. Copy has been placed in the Library.—E. of D.

**Sir Muhammad Yamin Khan:** It will not be possible to do full justice within 15 minutes . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): The Chair allowed 15 minutes last year, when the Congress Party Members attended, to all Members, and 20 minutes for Leaders of Parties.

**Sir Muhammad Yamin Khan:** Yes, but this was too short, and it was agreed to because there was no other way out. But this year since the Congress Party is not attending, there is no reason why the number of days should be curtailed from two to one. Simply because a certain Party has thought it proper not to attend the meetings of the Assembly, it is not right to curtail the number of days for general discussion of the budget from two to one.

**Mr. A. Aikman** (Bengal European): Sir, we have no objection to having two days for general discussion.

**The Honourable Sir Muhammad Zafrullah Khan:** Sir, it is all very well for Honourable Members to say that because more than half, I believe, of the elected Members are not present in the House it should make no difference to the allotment of the days . . . .

**Mr. N. M. Joshi** (Nominated Non-Official). Nominated Members have as good a right to speak . . . .

**The Honourable Sir Muhammad Zafrullah Khan:** I have not denied that. On the other hand, on the Government side very few speakers intervene in the debate . . . .

**Mr. M. S. Aney:** We are sorry for that. More Members ought to intervene.

**The Honourable Sir Muhammad Zafrullah Khan:** Will the Honourable Member permit me to go on? The usual practice is that very few departments come under criticism, and, therefore, the time is generally allotted between Non-Official Members, and having regard to the absence of such a large number of Members, on the average the number of speakers on the non-official Benches will have more time this year than in previous years, and I do not think really there will be any hardship; also considering the fact which I intimated when Sir Muhammad Yamin Khan was speaking, there is today three quarters of an hour extra, over and above the usual time because when the full House is in attendance the whole of the question hour is taken up by questions. I may also submit that this question was considered, and Government came to the conclusion that the allotment of one day on this occasion would, on the average, afford Parties and Members more time than they have had in the past for general discussion of the Budget.

**Dr. Sir Ziauddin Ahmad** (United Provinces Southern Divisions: Muhammadan Rural): Sir, I should like to make only one suggestion . . .

**Mr. President** (The Honourable Sir Abdur Rahim): The Chair cannot allow it. The Chair has to fix the time, and following the precedent of

[Mr. President]

previous years, the Chair fixes fifteen minutes time limit for Party Members, and, in the case of Leaders of Parties, 20 minutes, and, in the case of reply by the Honourable the Finance Member, he will have one hour—the Chair does not know if he requires more than that,—or 1½ hour if he requires it.

**Mr. F. E. James** (Madras European): Before you proceed with the ordinary business, may I ask whether you wish me to raise the matter in connection with which I have already addressed a communication to you this morning at this stage or on a later occasion?

**Mr. President** (The Honourable Sir Abdur Rahim) Tomorrow, the Chair thinks, will be more convenient

**Mr. A. Aikman:** Sir, before I comment upon the Budget proposals laid before this House a few days ago, I should like to take this opportunity to congratulate the Honourable the Finance Member on his able and lucid review of the financial position of the country. It has been his misfortune to take over his present responsibility at a time of great difficulty and uncertainty; but it is India's good fortune that at so critical a time her finances should be in charge of a man who has so early in his tenure of office shown not only a masterful grip of the ramifications of the work of his important office but also a sympathetic understanding of the difficulties and requirements of industry and commerce

Every budget has to be judged from two points of view, namely, from the point of view of the needs of the Government in all its activities and also from the point of view of the effect of taxation upon the tax payers in general and upon the development of trade and industry in particular.

At no time is it more important to examine a budget from both these angles than during a time of war since great as may be the financial needs of Government, the effect of heavy taxation, hastily imposed, may, in such circumstances, be far greater than it is at any other time. In the financial year now drawing to a close, India is in a position in which she is fortunate if not indeed unique among all countries in the world today, for we close this year with a prospect of a substantial surplus. There we are at the end of a year, during seven months of which the Empire has been engaged in a deadly struggle the consequences of which no man can foresee nevertheless, India is in a strong financial position, a fact that is the most eloquent testimony we can have as to the inherent strength of her financial policy. It is a complete justification of the wisdom of the financial policy pursued since 1932. That policy I know has been the subject of constant criticism but time has shown that it has been far-sighted and the surplus with which the current year is expected to close is proof of the most tangible kind in support of what I have just said.

In this connection, Sir, I would draw attention to the steps recently announced to secure the repatriation of a substantial amount of India's sterling debt. The scheme which has been fully explained by the Honourable the Finance Member is in line with the policy that has been pursued over a number of years and needs no further comment from me, though I should like to say that the feeble attempt made by a section of the press to criticise the method by which it is proposed to give effect to these further steps for the repatriation of sterling debt seems to me entirely misconceived. Perhaps it is put forward simply for reasons of blind and

obstinate opposition to Government. The more we examine our financial position, the more is one convinced that it is second to none in strength and I would call the attention of the House to the high level of prices of the Government of India's securities which is proof that financial circles in the country share this view.

The Finance Member has warned us that the present European war is not likely to be short. I share this opinion. It is the opinion that has been expressed by Sir Neville Henderson whose particular position as His Majesty's Ambassador in Germany in regard to this problem commands more than ordinary attention with his views. Whatever may be the strain that this war will eventually place upon the finance of this country it must be a matter of satisfaction that we commence the war period in such a strong financial position. The additional taxation to be imposed in respect of the coming year is estimated to be approximately Rs. 7½ crores though the Honourable the Finance Member has warned the House that circumstances may arise in which further taxation will be necessary.

In this connection I think I may say that all Parties will congratulate the Finance Member on the success he has achieved in reaching a settlement with His Majesty's Government on the principles to be followed for allocating between Indian revenues and the revenues of His Majesty's Government the expenditure arising from India as a result of the war.

Under the terms of that settlement India is to bear certain charges. These are

- (1) a fixed annual sum representing the normal net effective costs of the Army in India under peace conditions (and in this expression 'Army in India' I take it is included the Air Force and the Royal Indian Navy)
- (2) an addition to allow for rises in prices, *plus*
- (3) the cost of such war measures as can be regarded as purely Indian liabilities by reason of their having been undertaken by India in her own interests, and
- (4) a lump sum payment of one crore of rupees towards the extra cost of maintaining India's External Defence Troops overseas.

It will be remembered that the Chatfield proposals stipulated that in certain circumstances India must accept a share of the cost of her external defence, and in arriving at its conclusions the Chatfield Committee were to bear in mind India's ability to pay.

Under the agreement arrived at, this important consideration would appear to have been fully borne in mind, for it means that so far as the prosecution of the war is concerned India's contribution will be an annual lump sum of one crore of rupees—a figure it will be considered, I believe, well within the capacity of the country.

The importance of the arrangement will not, I hope, be lost upon those who had reiterated so often the charge that the army in India is maintained solely for Imperial purposes. No one, I think, will question the truth of the statement that if the Allies should lose this war, the calamity for India will be no less than for other parts of the British Empire. In such circumstances the arrangement so successfully concluded

[Mr. A. Aikman.]

with His Majesty's Government in the matter of the allocation of defence expenditure is, in our opinion, generous. More especially is this the case when one considers the large financial contributions towards the Empire's war efforts now being made by the great Dominions.

These countries' contributions are proportionately very much greater than that at present suggested for this country, even after having taken into consideration the fact that India's defence charges bulk so largely in comparison even with her combined central and provincial revenues—for the amount of the proposed increase is something like four per cent. of these combined revenues. This generous agreement is further evidence of the partnership which exists between Great Britain and India on the problem of latter's defence.

So far as new taxation is concerned the position as revealed by the Honourable the Finance Member makes it amply clear that the appropriation by the State of a substantial part of excess profits arising as a result of war conditions as proposed in the Excess Profits Tax Bill is sound and reasonable. I do not propose to say much on this point now, for the House will have an opportunity later to discuss this Bill, but I may say that with the added study which I have given to this matter as a member of the Select Committee I cannot agree with those critics who say that the estimate of the proceeds of the tax for the year 1940-41 is undeniably low.

The taxation with which the Finance Member has proposed to meet the deficiency, namely, the increased excise on sugar and motor spirit, are burdens that in the circumstances command our full support. In this connection, I feel it necessary to enter a caveat against the danger involved in recurrent increases in existing excise. It cannot be forgotten that there comes a point when, if the tax imposed on any commodity becomes unduly heavy, the law of diminishing return will begin to operate. In the case of motor spirit, the level of taxation now imposed must be dangerously near that limit and in the case of the new sugar duties, it must be remembered that the sugar industry has to bear not only heavy central taxation but also taxation by Provincial Governments. This is true of course also of motor spirit, but there, at least, the industry itself is highly organised whereas the same certainly cannot be said of the sugar industry. That industry as a result partially of conflicting policies adopted over the last ten years can hardly be described as being in a healthy state. It seems to me, therefore, that there is a case where close co-operation between the Central and Provincial Governments is essential. The problem of co-ordination in the matter of taxation between these Governments faces all Federal States and is one to which my Group drew special attention last year. I have no doubt the Honourable the Finance Member has the point closely in mind himself but I should like to have his assurance that in this as in other matters where the Provinces too are concerned he will pursue a policy of close co-operation with Provincial Finance Ministers, and Finance Members.

The tax-payers throughout the country will be grateful to the Honourable the Finance Member for his decision not to increase other direct or indirect taxation this year, but he has quite rightly warned this House that the necessity for further increases in both direct and indirect taxation may arise later.



Finally, Sir, I should like to say a word about control of expenditure. Since the abolition of the Standing Finance Committee this House has to some extent lost such opportunity as it had for anything like a detailed examination of estimates of annual expenditure. Last year, the Honourable the Finance Member's predecessor suggested that in place of the old Standing Finance Committee there should be an Estimates Committee. Unfortunately, that offer was not accepted by one or two Parties and the proposal was not proceeded with. I feel this was a mistake and I should like to ask the Honourable the Finance Member if he is prepared to renew his predecessor's offer. Members of this House and our constituents in the country are anxious—especially at this time when expenditure is inevitably rising—to ensure that a strict watch is maintained over all expenditure. I wish to make the very strongest plea for the re-establishment of control by a Committee of this House. The setting up of an Estimates Committee on the lines suggested by Sir James Grigg would, I believe, give general satisfaction. I hope my Honourable friend will see his way to accept this suggestion.

**Mr. Akhil Chandra Datta** (Chittagong and Rajshahi Divisions. Non-Muhammadan Rural): Sir, I am sorry I shall have to speak in a different stram from that of my Honourable friend, Mr. Aikman. It appears to me that for some years more, at least, Europeans in India and Indians will not see eye to eye with regard to many vital matters. I hope the time is coming when we shall agree but it appears to me that that time is not yet. Sir, in discussing the Budget the very first question I want to examine is this: what is the scheme, what is the policy of this Budget, and, in the second place, what is the foundation in fact of that policy and of that scheme? Now, the answers to both these questions we have got in the very opening paragraph of the Budget speech. Sir, my Honourable friend, Sir Jeremy Raisman, is a truthful man . . . . .

**The Honourable Sir Jeremy Raisman** (Finance Member). Thank you.

**Mr. Akhil Chandra Datta:** . . . and, with very refreshing candour he has made one statement in the opening paragraph of his speech which gives a clue to the whole policy of this Budget. He has said that "the *full* utilization of India's material resources is an important element in ensuring the victory of that cause on which alone rests the hope of *our* civilization" The italics are mine. He has used the word "utilization", he did not use the word "exploitation". That gives an insight,—the key to the whole position. That is his view about the utilization of the resources of India for winning a victory in the great war that is raging. Now, in answer to that, I shall only quote the words of the Patna resolution passed the other day by the Working Committee of the Indian National Congress. They have said that "the exploitation of India's resources in this war is an affront to them which no self-respect and freedom-loving people can accept or tolerate". That resolution further says

"Great Britain is carrying on the war fundamentally for imperialistic ends and for the preservation and strengthening of her Empire which is based on the exploitation of the people of India. . . ."

Now, Sir, that being the policy of the Budget, that policy has inevitably led to all these taxation proposals—the excess profits tax, first of all, then the increase of rates and fares then the duty on sugar, then the

[Mr. Akhil Chandra Datta.]

duty on petrol. Now what is the foundation of that scheme? About that, I will again refer to the first paragraph of the Budget speech where my Honourable friend, the Finance Member, has talked about the economic position of India just before the outbreak of war. He has said:

"a modestly improving rate of economic progress, restrained by fear of the consequences of an actual outbreak of war, was succeeded by what was almost a tide of war prosperity."

Now, my complaint is that that is not a correct description of the state of affairs, and in fact this is contradicted by the Governor of the Reserve Bank of India in the report of the Central Board of Directors for the year ending 31st December, 1939, in the following words:

"In India, as in Great Britain, the growing tension in the international situation militated against any sustained recovery. . . ."

**The Honourable Sir Jeremy Raisman:** "Sustained recovery".

**Mr. Akhil Chandra Datta:** Yes,

"any sustained recovery in the first eight months of the year and the nervousness which it engendered dominated the financial markets generally and almost nullified the effect of other favourable factors such as a slight improvement in the foreign trade position and a rise in the prices of certain commodities such as jute and sugar. To this was added the depression in the prices of wheat and cotton and the difficulties of the cotton textile industry, which has been experiencing one of its worst slumps owing, among other reasons, to overproduction and the increased cost of labour."

That, I say, is a wrong angle of vision from which has emanated all these taxation proposals. Now, the question is—is this a deficit Budget or really a surplus Budget? It has been presented to us under the mask of a deficit Budget. The figures disclosed however show that this should have been a surplus Budget. A surplus Budget has been converted into a deficit Budget by the under-estimation of revenue. Now that has almost become a chronic disease of the Government. Year after year there is under-estimation of revenue. Revenue was under-estimated in 1934-35, 1935-36, 1937-38, and 1939-40, but still this incurable disease has not yet been got rid of. I cannot go into details. As regards revenue, in spite of the revised estimates of the current year being about 88 crores and in spite of the amount expected from the railway contribution, still it is shown as 85 crores as the estimated revenue of the next year. This is certainly an under-estimation. The reasons given by the Finance Member in his speech (pages 12 and 13) are not at all convincing; this estimate is not at all warranted by the improved returns of the last year and the last two months.

I am sorry the limited time at my disposal does not permit me to substantiate my proposition. Supposing, however, that the deficit is real, the question is what is the remedy for it? To the Communications Member, the obvious remedy was an increase in rates and fares. To the Honourable the Finance Member, the obvious remedy is an increase in taxation. Can't you think of any other way than this? Why not resort to economy and retrenchment? Why not abolish the Lee concessions? Why don't you tax yourself? Your own fat salaries are sacrosanct: they cannot be touched. You put your hands into the pockets of other people. This is a bad habit. You must first put your hand into your own pockets and afterwards make a raid on other people's pockets.

Now, Sir, it would be a very interesting study to find out what was the standard income of these gentlemen before they accepted office. If an excess profits tax is imposed upon the excess profits that they had been having all these years, I do not know how they will feel about it. Supposing again that the deficit is real and is unavoidable, then we must remember it is not a normal deficit. That being so, the question is how to meet it? It is a fundamentally wrong policy to try to balance a war budget by normal methods of taxation. An abnormal situation needs an abnormal solution and not ordinary taxation. If it is a war budget and if you require extra 20 crores of rupees, then you cannot call it a deficit budget in the ordinary sense of the expression and you should not try to balance it by taxing industry and commerce. Conceding for a moment that additional taxation is necessary, the further question arises whether there is any justification or necessity for all the taxes which have been proposed? They have fired as many as five shots, Excess Profit Tax, Rates, Fares, Sugar and Petrol, from which they hope to get about twelve crores. They are all inter-dependent sections of the same taxing statute. In fact, they are different chapters of the same tragic drama. Now, Sir, the Excess Profits Tax yield is estimated to be three crores. In 1919, we were told that it was over nine crores. You must remember that the industries have been by this time doubled if not trebled and the number of assesseees is very much larger now and you will have got both the super-tax and the Excess Profits Tax. My submission, therefore, is that the Excess Profits Tax alone should have been sufficient to meet the deficit. After the Excess Profits Tax, there is no justification for the increase of rates and fares. It is a vicious lead for profiteering and a vicious example for inflation. As the *Statesman* remarked, "it may be the beginning of a major disaster to the whole country".

As regards the sugar industry, we have had repeated attacks upon this industry for some time past and I do not know if this will be the last straw on the camel's back. Sugar is sweet but the sugar duty is not. Petrol duty will hit the road transport industry. This is another instance of the step-motherly attitude of the Government towards this industry.

Now, Sir, another important feature of this Budget is the raid on the provinces. The amendment of the Niemeyer award has resulted in the reduction of the shares of the provinces. I think I can without much exaggeration say that this Budget is a raid on the provinces, a raid on industry, trade, commerce, and agriculture and also upon the masses.

**Mr. M. S. Aney:** Except the Government servants, everybody else is crushed.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member's time is nearly finished.

**Mr. Akhil Chandra Datta:** I want to say one word about the Posts and Telegraphs Department. We have one grievance about the recent changes in the telephone rates. The half rate is practically abolished and the introduction of the system of urgent calls has nullified all facilities. May I suggest that in view of the prosperous condition of that Department, the old system may be revived?

**Sir Muhammad Yamin Khan:** Sir, I was wondering whether to congratulate the Honourable the Finance Member for surplus Budget or to sympathise with him over the deficit Budget which the irony of fate has compelled him to present during the very first year of his office. I agree with my friend, the Deputy President of the Assembly, that it is not a deficit Budget but it is really a surplus Budget, if we carefully examine its provisions. It may be that we have to provide some money on account of certain conditions. If we take into account the extraordinary expenditure which we have to meet on account of the war, then, of course, it becomes a deficit Budget. But the general taxpayer may think that the contribution which this country has to make on account of the war is only a crore of rupees, but that figure is 17 times less than what this country is actually going to incur. The normal Budget for the defence of the country is 36 crores and 77 lakhs and now we are asked to pay 53 crores and 52 lakhs.

**The Honourable Sir Jeremy Raisman:** No, Sir. The Honourable Member has excluded the non-effective charges from the normal Budget; they are part of the normal Budget. The normal Budget was 45 crores and 18 lakhs.

**Sir Muhammad Yamin Khan:** If eight crores are taken out of these 17 crores, even then nine crores are extra. Nine crores, in round figures, are the extra expenditure which this House is called upon to vote, which it will do shortly. The deficit is something like six crores. That means really if we do not meet this extra expenditure, we would still be saving three crores in our hands by this budget.

**The Honourable Sir Jeremy Raisman:** A big 'if'.

**Sir Muhammad Yamin Khan:** The Honourable the Finance Member has at least given us one hope that the arrangement to which he has come with the British Government is final and that we will not be called upon to pay more money in the coming year than what has been put down in this budget. I understand the arrangement is final, that is, we will contribute one crore more in lump sum. Whatever the figures he has given, they will not exceed on account of the war. If that is the position, then India can say that her finances are quite sound with the present budget. But if we are called upon to vote for something extra as the Honourable the Finance Member has given us a hint of the possibility on some future date on account of circumstances which he does not see now, if he means by that that the expenses will increase, then he ought to have made it clear to this House. If, on the contrary, he means that the income he has put down might decrease and the expenses remain at the present level, that is a different point. We would like the Honourable the Finance Member to make clear to the House his intention.

Another point which requires careful consideration from the Finance Member is this. He says that the receipts from customs and excise combined will fall from 50 crores seven lakhs as in this year to 46 crores. That means a decrease of four crores and seven lakhs. He has put down this for the combined items of customs and excise. He has explained to the House that he expects from the excise duty on account of these two new taxes which he is bringing about  $3\frac{1}{2}$  crores. That means that the customs duty will bring about seven crores less in the coming year. If our income on account of customs is going to decrease by seven crores, that is a very serious thing to be taken into consideration.

This means that trade in India in the shape of supply of goods to the Supply Department will continue; but on account of less imports which are to be represented by seven crores decrease in customs duty the commerce of this country will diminish. Although it may be very good for India to avail of this particular opportunity in order to develop her industries, especially in these lines where there is a considerable fall in imports, yet, as far as the taxpayers are concerned, this seven crores will represent a huge figure in the shape of extra taxation. I would like the Honourable the Finance Member to throw some more light on this point to the House and to the general public whether he wants trade and industry of India to increase and develop in order to take full advantage of the opportunity which is presented to her today.

The Honourable Member is proposing two new taxes besides the Excess Profits Duty Bill which the House is considering. On motor spirits he has increased two annas. But two annas is not the only thing. Four pies per gallon were introduced as a tax on account of increase in railway freight. The effect of this increase of four pies per gallon in the city was—I stand corrected if I am wrong—to increase the price of petrol in many places by one anna per gallon and in some places by half anna per gallon. This rise of four pies by Government has put into the pockets of my Honourable friend, Mr Buss, two pies more in some places and eight pies more in some other places. All these have to come from the consumers' pockets.

**An Honourable Member:** What about the years in which there was no increase.

**Sir Muhammad Yamin Khan:** By the rise of two annas in the duty, the net result, as far as Delhi is concerned, is that the price of petrol has gone up by about three annas over the price which prevailed about two weeks ago. I know that the price in Delhi used to be Rs 1-9-0 sometime ago; then it went up to Rs. 1-11-0 and now it is Rs 1-13-6. Within a very short period we have seen that the price has gone up from Rs 1-5-0 to Rs. 1-13-6. The consumer is thus called upon to pay Rs 0-8-6 more than what he used to pay last year. This is a great demand. I submit that even a little rise in the price of petrol requires careful consideration on the part of those who control the prices. The Government should see to it that whatever price prevailed before the war should not be increased, beyond the duty which has been increased by Government. The price should be uniform in all places; it must be on the same level *plus* the duty now proposed by the Government.

As far as sugar is concerned, many Honourable Members will bear me out when I say that on the evening of the 29th February 12 Noon, when the Finance Member made his budget speech the price was at a certain figure and he proposed an excise duty of about one pice a seer.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member has two minutes more.

**Sir Muhammad Yamin Khan:** Next day the price in the market rose by one anna a seer. So if on account of this excise duty the price rises four times, it is the duty of Government to see that this kind of abuse does not occur.

[Sir Muhammad Yamin Khan.]

Sir, I only want to make one further observation and that is with regard to the army. Everybody wants that India should be defended and should make a proper contribution for defence, whether internal or external, so that the enemy may be kept at a long distance. At the same time we desire that the House should be taken into full confidence and matters should be explained in greater detail than is done now, in order to enlist the sympathy of the House.

**Mr. President** (The Honourable Sir Abdur Rahim) · The Honourable Member's time is up.

**Mr. N. M. Joshi:** Sir, the outstanding feature of this budget is naturally the additional expenditure of 8½ crores and almost a corresponding deficit of about that figure which is to be met by additional taxation. We, Indians, would have cheerfully borne the additional expenditure and the additional burden if we had been free people. This war has been started without our consent and even this Legislature was not consulted when India was made a participant in this war. I, therefore, feel that if there is any danger to India out of this war it is the duty of Great Britain to defend India. India has not got self-government to maintain nor has she got democracy to protect. In these circumstances I feel that the additional expenditure should have been found wholly by Great Britain. As I have said, if India had self-government we would have cheerfully borne the additional burden. Not only has India got no self-government, but in defence it is not an army controlled by Indians which has to defend India. The whole public of India has been asking that the Indian Army should be Indianised and the officers of the army should be Indian and not British. We know that the efforts made by the Government of India, so far, are such that one of the Defence Secretaries was forced to admit in this House that if the Indian Army was to be Indianised at the rate proposed by the Government of India, the Indian Army would never be Indianised. Sir, some time ago the Government of India appointed a committee to consider the question of Indianising the army. One naturally thought that when the war was on and every Britisher wanted to go to his country to defend her the pace of Indianisation would be accelerated. But instead of that the Government of India thought it fit perhaps not to disband that committee but to suspend all the operations of that committee. Recently a new theory is being propounded after the Chatfield report and even some time before that that the defence of India is a joint responsibility between Great Britain and India. If India becomes self-governing, India will not have joint responsibility but she will bear the whole responsibility of defending this country. I do not agree that there should be joint responsibility between Great Britain and India. Let Great Britain take the whole responsibility or let India take the whole responsibility. If the Indian Army is not to be Indianised and if there is to be joint responsibility between India and Great Britain as regards the defence of India, I have no doubt that India will remain a permanent vassal of Great Britain. Sir, I am not willing to tolerate that position. I, therefore, feel that Indians cannot cheerfully bear the additional burden required for the additional expenditure due to this war.

Now, Sir, I should like to make a few remarks regarding the economic situation as envisaged by the Honourable the Finance Member in his speech. He stated that just before the war the Indian economic position

was improving and India was making modest progress. Then he said that after the war India is going through a tide of prosperity. He has also very correctly stated that since the war the prices of export commodities are rising and he also very truly says that the prices of articles of internal consumption are keeping in unison with the rise of prices of export articles.

**The Honourable Sir Jeremy Raisman:** I said that was the trend.

**Mr. N. M. Joshi:** I am also talking of the trend; neither the Honourable Member nor I can talk of these things definitely. Sir, after the war the Government of India started a policy of price control. So far as articles of export are concerned I do not know why we should have any price control. During this war India is entitled to make as much profit as she can by exporting the articles at whatever prices we can command in the open market. The Government of India have recently established a Supply Department and that Supply Department indirectly controls the prices of articles of export. I feel the Government of India, instead of doing anything to prevent India getting the fullest benefit of this war, should make a conscious effort to gain the markets of the world at this time. I would also suggest to the Government of India that this is the time when they should also make a conscious effort and a very big effort to develop industries in this country. I hope the Government of India will not do anything which will prevent the growth of Indian industries at this time and will do everything in their power to develop the economic and industrial position of our country. I would like to say a word about the rise of prices of articles of internal consumption. Here I have great pleasure in supporting the policy which the Government of India have started of controlling prices. I know there is a section of Indian opinion in this country which is not in favour of controlling prices here. I do not share that view. I feel that it is the duty of the Government to control prices which are abnormally rising on account of war conditions. I have no doubt in my mind that there is a section of the population which benefits by abnormal rise in prices. It is said that if the prices of grains increase, the primary producer in this country, the agriculturist, will benefit. In one of my previous speeches—I think it was on the Railway Budget—I made it clear that the primary producers who benefit by the rise in prices are the parasite class of landlords and a few honest but very lucky cultivators. The largest mass of agricultural population in this country, the agricultural wage-earners, the agricultural tenants and the very small cultivators do not benefit by the rise in prices. The agricultural economy in this country is a deficit economy. No agriculturist can maintain himself during the whole year by cultivating the small piece of land which he owns or hires as a tenant or on which he works as a hired labourer. From the point of view of the agricultural masses the rise in prices is not beneficial. Similarly, take the case of the industrial workers. I agree that if there is a rise in prices there will be more employment; but it is well-known that the wages of industrial workers do not keep pace with the rise in prices . . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member has two minutes more.

**Mr. N. M. Joshi:** I shall not take up the time of the House longer now, because I know I shall have another opportunity to speak at a little greater length on this question.

[Mr. N. M. Joshi.]

Before I sit down I would like to say a word about the financial policy of the Government of India both as regards war expenditure and ordinary expenditure. I agree with the proposal made by the Honourable the Leader of the European Group that there should be a strong committee of this House to scrutinise the war expenditure of the Government of India. It is not enough that the Finance Department should scrutinise that expenditure as they do the other ordinary expenditure. The war expenditure has to be incurred in abnormal circumstances, and, moreover, if the country has to bear a large burden of additional taxation it is necessary that the representatives of the people should have some opportunity of scrutinising the war expenditure. I, therefore, hope, that the Government of India should have no objection to appoint a committee to scrutinise the war expenditure as a help to themselves.

I shall say only one word before I sit down. The Honourable the Finance Member has stated in his speech that the Supply Department is very economically managed. We Members of this Legislature as well as the public have grave doubts about the economical management of this Department, . . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member's time is up

**Mr. N. M. Joshi:** and I would suggest to the Government of India that they should appoint a committee to examine this item of expenditure.

**Sir Abdul Halim Ghuznavi** (Dacca *cum* Mymensingh: Muhammadan Rural): Sir, we realise that we have not got a great financier like Todar Mal, who was Akbar's finance minister. We also realise that we have not got another great financier who came to India in 1859, Mr James Wilson, who in ten months' time set right the finances of India. The first thing he did was the curtailment of expenditure. Those days are gone. All that is now done is to find ways and means of putting taxes after taxes and balancing one's budget. Sir, we have started this discussion today with my Honourable friend, the Leader of the European Group, who gave us an approved speech. I am sure not one of the elected Members who will follow me will support my friend, the Leader of the European Group, in what he has said. In the short space of fifteen minutes, it is difficult for any one to make any long statements, but as the Congress Members are not here, we shall have our full say during the discussion of the Finance Bill on all the points that I want to raise. I will only enumerate the points today, which I shall then get time to discuss: Excess Profits Tax, increase of Excise Duty on Sugar, Defence, the Bengali Regiment—I want to fight Hitlerism . . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member need not read out the entire list: he will have plenty of time to discuss what he wants later.

**Sir Abdul Halim Ghuznavi:** Posts and Telegraphs, Director General of Supply, appointments of controllers and liaison officers, Haj traffic (Bengal pilgrims were stranded), the conversion of the Moghul Line into



a so-called Muslim company, the Calcutta Haj Committee, reopening of the port of Calcutta, Income-tax Department, Indian Railways; the Mudie Committee, Shortage of Wagons, Wagon Pool

Now, Sir, the Honourable the Finance Member wanted money . . .

**The Honourable Sir Jeremy Raisman:** No, no, never!

**Sir Abdul Halim Ghuznavi:** He wanted money for the prosecution of the war, otherwise his Budget would have been a balanced Budget without these additional taxes. He has our support to fight this war, to fight Hitlerism, to fight Stalinism, but he has not our support to impose additional burdens by way of taxation. Of course, he will have our support to find the money by raising a loan. Now, what happened in 1914, when the prosperity of the country was by far greater than today? Sir William Meyer had to frame his first war Budget in the last European war. I will just read to this Honourable House a portion of his speech. Those Finance Members are no longer existing. We want Finance Members who will find the money without imposing taxations on the people. What did Sir William Meyer say. . . . .

**Sir Syed Raza Ali** (Cities of the United Provinces · Muhammadan Urban) Is it your complaint that he is dead?

**Sir Abdul Halim Ghuznavi:** My complaint is that the present Finance Member should have framed his budget in the same way as Sir William Meyer did. Now, what did Sir William Meyer say then? This is what he said, while budgeting for a deficit of four crores for the year 1915-16

"We do not propose to raise any money by increasing taxation on this occasion. We should not hesitate to do so to meet a deficiency in revenue which promises to be more or less of an abiding character, but the present circumstances are altogether peculiar. We have come to the conclusion that we ought not to add to the existing taxation unless it is absolutely necessary."

This is what he said, and he borrowed the money for conducting the last war. Now, Sir, let us come to the present times. What is the opinion of the Indian Chambers? In the first place, the unanimous opinion of all the Indian Chambers is that extra profit tax should not be levied, that the Honourable the Finance Member could have found the money by retrenchment, that this money could be found by taxing. . . . .

**The Honourable Sir Jeremy Raisman:** . . . . the other people.

**Sir Abdul Halim Ghuznavi:** Not the other people, but the articles of luxury. But the Government officials should first make a sacrifice by a cut in their salaries to find the money, and if after that the amount was not forthcoming, the Honourable the Finance Member could have come before this House with other proposals . . .

**Mr. Akhil Chandra Datta:** Charity never begins at home.

**Sir Abdul Halim Ghuznavi:** My friend, the Leader of the European Group, said, in his speech: 'Oh the criticism of the press that three crores from the Excess Profits Tax is an under-estimate . . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member has two minutes more.

**Sir Abdul Halim Ghuznavi:** I will try to finish within two minutes, Sir. Does my friend forget what happened in 1919 and 1920?

**An Honourable Member:** Rowlatt Act

**Sir Abdul Halim Ghuznavi:** Perhaps he has no recollection

**Mr. A. Aikman:** I have not forgotten

**Sir Abdul Halim Ghuznavi:** When the Excess Profits Bill came before the House in 1919 the standard period laid down was after the war was over. So there was not much excess profit and Government could only get a small share which even amounted to 11 crores, this time money has not been made yet, we had all through a series of lean years and for the purpose of calculating the tax the Finance Member has taken these lean years as his standard period. India has just begun to recover from a period of depression which started some ten years ago, and now he comes forward with a bombshell . . . . .

**Mr. Akhil Chandra Datta:** Time-shell is coming.

**Sir Abdul Halim Ghuznavi:** He comes forward with a bombshell and overnight he almost kills the industries of India. He is imposing a heavy burden on the people. With empty Benches . . . . .

**Mr. M. S. Aney:** It is imposed already.

**Sir Abdul Halim Ghuznavi:** So this is a post-mortem examination, because it is already imposed . . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member's time is up.

**Sir Abdul Halim Ghuznavi:** Very well, Sir, I will not say more now

**Dr. Sir Ziauddin Ahmad:** I congratulate the Honourable the Finance Member on his having presented his budget in a lucid form and I sympathise with him that he had to make his first budget speech at a time when it is full of uncertainties, but I am glad that in spite of war conditions and abnormal times he has maintained moderation in expenditure and moderation in his proposals for new taxation. He is more fortunate than the Finance Members of most of the other countries, and we are confident that his wisdom will avoid, as far as possible, additional fresh burdens on the people of this country.

Sir, at the outset I congratulate him on initiating a policy, for which accidentally favourable circumstances have developed, and that is the changing of the sterling liabilities into rupee liabilities. The advantages of this policy may not be evident during the war period, but they will be highly appreciated by future generations. Our sterling commitments

which are in the neighbourhood of 51 crores of rupees or 38 million pounds per annum will be reduced by 16 million pounds if the sterling securities are changed into rupee securities and this will automatically help to solve the exchange problem on which we had pitched fights on two occasions, once in 1926 and again in 1934. The task is eased at the present time on account of the fact that rupee at present is stronger in the world market than sterling. As a corollary of this new policy, which will be welcomed by every one interested in the financial stability of the country, I would like to make one suggestion and that is that he should seriously consider whether it would not be desirable to transfer his paper currency reserve from sterling to gold. At present we have got in the paper currency reserve 114 million in sterling securities and on account of war conditions it is very desirable that sterling securities should, to a certain extent, be changed into gold because during the war time gold is the only currency which is recognised by the world. We have got 44 millions worth of gold, but I think it is desirable that this should be increased on account of the war conditions. The Reserve Bank should purchase the gold available for export.

There are one or two other things which I want to mention. One is that we have given, since the separation of railway finance from general finance, something like 29 crores of rupees to the strategic lines. I do not want to discuss it at length but I do think that this fact should have been noted somewhere in the memorandum which has been submitted to us.

The next point to which I wish to draw attention is the position of the Post Office Cash Certificates. The official rate allowed on these certificates is  $2\frac{1}{2}$  per cent, but, in actual practice, it is about three-fourths per cent less than the official rate, because some of these interests are not paid. I made calculation sometime ago, but I could not for want of figures come to any accurate conclusion, but I think I am very nearly correct when I say that the actual payment is about three-fourths per cent less than the official allowance. I advocate that the rate of interest on cash certificates ought to be increased to  $3\frac{1}{2}$  per cent, real and the nominal rate should work out to be  $4\frac{1}{2}$  per cent. The value of Rs 100 certificates should be lowered to Rs 77-8-0. There are two advantages in doing so. One is that you have got a large number of investors who approach only the Post Office for investing their money and they will never invest their money in any industry or in a bank. It is desirable that we should try to create in them an interest in the maintenance of the security of the country and the financial stability of our land. Secondly, the money so accumulated from the small investors may be utilised to finance such industries as the building of locomotives, the building of ships and the building of motor cars, whose creation is now becoming so important.

After having dealt with the ways and means position, I now come to the taxation proposals of my Honourable friend. Sir Basil Blackett, in his speech on the 24th September, 1924, said very clearly on the floor of this House, "taxation on communication is a bad taxation. It is a taxation which falls both on the consumer and on the producer." The Leader of the Opposition, if he had been here, would have presented this motto to our present Member for Communications. Unfortunately, this bad taxation has now been levied upon us. Since it is there, the Finance Member can get his Rs. 7-16 crores, which is the deficit, entirely from the railways if we but follow the legitimate policy. I have said on the

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last occasion that there is no need and it is wrong to deposit Rs. 2-98 crores in the reserve fund without fulfilling the obligations to general revenues, and I also made out a case then that it is not correct to put down another sum of Rs. 4-12 crores in another reserve under the false name of Depreciation Fund. Therefore, from these two sources he could get Rs. 7-10 crores all right. No further taxation is necessary. This suggestion of mine is better than the suggestion put forward by my Honourable friend, Sir Abdul Halim Ghuznavi, when he said that the deficits ought to be met by borrowing. Had I been an examiner in accountancy and finance I would immediately give a zero to a candidate who advocated that theory and I would always pity the person who will manage the deficits of his household necessities by borrowing every month.

Now, coming to the proposed taxation, if we follow the suggestion that I have made, then no taxation would be necessary and, therefore, there would be no Excess Profits Tax, there would be no tax of any kind. But if my theory is not accepted, if the Honourable the Finance Member is not willing to take this money from the railways which I suggest he can legitimately do, then the best form of taxation will be taxation on persons who have been specially benefited by war conditions. Of course, other people will have to pay their quota, but those people who have been benefited, specially by the war conditions, ought to pay more comparatively than those who have not been benefited by the war conditions.

I now come to sugar. I shall discuss it at length, when we come to the Finance Bill. I have always advocated on the floor of the House that the sugar duty ought to be made a little higher and I thought that the protection they are enjoying was very great, but recently things have changed. The Local Governments of United Provinces and Bihar have put on special duties on sugarcane and the consumers are really between the Central Government on the one side and the Provincial Governments on the other, and the industry is in a very bad condition and I doubt very much whether it will flourish if by chance the protection is withdrawn. It may perhaps collapse like a lump of sugar in a cup of tea. So, it is desirable that we should be more careful in handling this particular industry.

The next point is about the petrol tax. I think that about half an anna of this tax ought to be paid for the development of roads. It is very desirable and very equitable. The other thing which I will press when the time comes is that the incidence of the taxation should not fall on the consumers but it should fall on the middlemen and this I will develop later on. Now, we have already suggested three methods,—a loan, as suggested by Sir Abdul Halim Ghuznavi, appropriation of Railway reserves advocated by myself; fresh taxation proposed by Finance Member, and now I suggest a fourth method for equalizing the income and the expenditure and that is—have a greater control over your expenditure by cutting it down. It has been pointed out by several speakers, there is a very great room for saving by exercising greater control over your expenditure. There is a great scope for economy in our purchasing Departments and especially in the Supply Department. Whatever the opinion of the Members of the Treasury Benches may be, I think this is the unanimous opinion of all non-official Members that that Department requires very serious consideration and we will discuss these things in greater detail when the time comes.

One thing more I should suggest as regards the needs of the Finance Committee which should immediately be set up. This Finance Committee will be a source of very great strength to the Honourable the Finance Member and also of great satisfaction to the non-official Members, but I would rather like the old Finance Committee in preference to the Estimates Committee.

**Mr. N. M. Joshi:** No, no, an Estimates Committee is much better

**Dr. Sir Ziauddin Ahmad:** We should have some kind of a Committee to scrutinize the Budget, and I prefer Finance Committee each time. It is really a source of strength to the Finance Member for this reason that he can always take shelter behind the Finance Committee for all the proposals for fresh expenditure brought forward by his Colleagues and which, in some cases, he may find it impolite to refuse. The second thing is that it will give satisfaction to us, because we will be able to judge for ourselves whether any particular permission is given in a *bona fide* manner. I would prefer the old Finance Committee to the proposed Committee for estimates.

Now, in the end, I should say that I realize that the times are very hard at present and it should be the duty of all of us in India to see that the war comes to a successful issue, and I think all of us should be prepared to give our quota of contribution. With these words, I resume my seat.

**Dr. P. N. Banerjee** (Calcutta Suburbs · Non-Muhammadan Urban): Sir, this Budget has been called the first War Budget but it is in reality the third taxation measure of the year. The burden which these taxation measures will impose on the people will be very great. If we try to measure this burden, it will appear that according to the calculations of the Government it will amount to 11 crores and 55 lakhs but according to my own estimate it will amount to fifteen to twenty crores, as I shall point out later on.

Now, on whom will this huge burden fall? This burden will fall not merely on the taxpayer but also on the trade and industry of the country. The trade and industry of the country will be affected in various ways. They will be affected more or less by all the measures which have been so far proposed and, in particular, by the measures which are under consideration just at the present moment. The sugar industry will have a very difficult time in the future. We all remember that it was as a result of protection granted in 1931 that a flourishing sugar industry was established in this country. In 1934 an excise duty was placed on this industry and in 1937 Sir James Grigg increased the rate of excise duty and diminished the quantum of protection. The result of this was that the sugar industry, which was flourishing at one time, is in a very precarious plight at the present moment. In 1938, Sir James Grigg went further and by altering the definition of the term "factory" he dealt another blow to that industry. Sir James Grigg was an anti-protectionist and a free trader and the steps which he took were consistent with the creed which he professed. With the callousness which was worthy of him alone, he remarked . . .

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member ought not to use that sort of epithet about a Member who has retired.

**Dr. P. N. Banerjea**: I will not refer to him in that way. He suggested that those measures would benefit the sugar industry as well as the cultivator. But we all know that the cultivator has been very hard hit and the sugar industry is going nearly to collapse. Is it desirable, Sir, to impose another burden on the sugar industry? It may be said that the excise duty is counterbalanced by an import duty of an equivalent amount. But it is well-known that the sugar industry at the present moment is in a very sorry plight, that a large amount of sugar is already in the factories unsold. With the price of sugar increased, this sugar industry will be hit further, and the result will be that the sugar industry will not be able to regain its position and there is every likelihood of its being crushed down altogether. Sir, in proof of this proposition I may refer to the estimate which was made by Sir James Grigg. He said that the proceeds from the import duty would amount to twenty lakhs of rupees.

**The Honourable Sir Jeremy Raisman**: No, no. He did not say that.

**Dr. P. N. Banerjea**: Did he not say that the import duty would almost disappear?

**The Honourable Sir Jeremy Raisman**: No, Sir. He carefully explained that he was taking a total figure of 420 lakhs for both excise and customs duty and that he was not attempting to make any real distribution. He took a nominal figure of twenty lakhs for customs and four hundred lakhs for excise, but he did not attach any importance to that figure.

**Dr. P. N. Banerjea**: It is not denied that he took a nominal figure of twenty lakhs. But why did he take such a figure? Was it a joke? He thought that that would be the amount that would be realized from customs revenue.

**The Honourable Sir Jeremy Raisman**: No, no.

**Mr. N. M. Joshi**: It was a token figure.

**Dr. P. N. Banerjea**: What do you mean by that? There is no sense in it.

**The Honourable Sir Jeremy Raisman**: He did not want to commit himself to a forecast of the probable imports of sugar.

**Dr. P. N. Banerjea**: He did not want to put in an exact figure of twenty lakhs but that figure he bore in mind, and he took that as a probable figure. What is the result? We find that that estimate has been entirely belied and the customs revenue is far greater than it was expected to be. This shows that Java has now regained her position in the Indian market and the Indian industry is going to the wall.

**Mr. N. M. Joshi**: It is due to the sugar manufacturer.

**Dr. P. N. Banerjee:** Not due to the sugar manufacturer but to the taxation policy of the Government of India as well as the taxation policy of the Provincial Governments

**The Honourable Sir Jeremy Raisman:** It was only due to a short sugarcane crop and nothing else

**Dr. P. N. Banerjee:** Then, as regards the petrol duty, it will fall not only on the consumer but also on an important industry, namely, motor transport

But these are not the only measures which the Government have adopted or are going to adopt. They are robbing the provinces of their dues by changing the Niemeyer proposals. In this connection, I want to enter an emphatic protest against the attitude which has been taken up by the Government of India. It may be said that the Niemeyer proposals have been altered by an Order-in-Council, but that has been done at the instance of the Government of India. It is a great wrong inflicted on the Provincial Governments.

Now the question is, has a case been made out for further taxation? I say, no. No case has been made out for further taxation because there has been an under-estimate for the coming year not only in the customs and excise revenue but also in regard to the yield of the Excess Profits Duty. The reasons which have been advanced by the Honourable the Finance Member with regard to his low estimate of customs and excess revenue are not at all convincing. As to the reasons which have been advanced in favour of the three crores yield of the Excess Profits Duty, the less said about it the better. In fact, in both these cases there has been an under-estimate, and the under-estimate has been so gross that it may be called a juggling with figures. I have been acquainted with the financial history of India for a long time past, and I do not know that this financial history affords another example of such a jugglery with figures.

Now I come to another aspect of the question. Supposing, for argument's sake, there is a likely deficit in the coming year's budget, what is the best way to meet this deficit? We can meet this deficit by adopting a policy of economy and retrenchment. But not a word is said in the Budget speech about economy or retrenchment. On the other hand, the civil estimates have been greatly increased. A few lakhs have been given to some worthy purposes, such as the Delhi University, but the large increase in civil expenditure is certainly unjustifiable.

What is the purpose for which this huge additional burden is being thrown on the country? It is the war, as the Finance Member said. But what is India's relation to this war? India has been dragged into the war without her consent and without even her knowledge. The position of India in this respect is not the same as that of South Africa and the other Dominions. General Smuts said the other day that it was in her own interests and it was in exercise of her sovereign rights that South Africa entered the war. Can that be said with regard to India? The answer is an emphatic 'no'. In spite of all this, India, true to her ancient traditions, showed her sympathy and good-will to Britain and France at the outbreak of the war, and in the course of the last six months she has given considerable support to Britain and France in the prosecution of the war. But this one-sided arrangement cannot last forever. India has demanded to be told what the war aims are and what

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India's position is in relation to these war aims. No satisfactory reply has as yet been given. The only reply that has been given is some indefinite promise with regard to Dominion Status at some distant date. That is not satisfactory.

I am not one of those who would be afraid of contributing to the expenses of the war. But you should make it worth India's while to make that contribution. So long as you do not do that, you have no right to ask for additional sums from India for war expenditure. And what is the burden of this additional expenditure? It is over eight crores and there are many other hidden items of expenditure in various places.

Sir, the budget is so bad that it deserves to be thrown out.

**Seth Haji Sir Abdoola Haroon** (Sind Muhammadan Rural) Sir, since this morning the debate has been going on on the Budget and there is already much criticism on it all over the country both in the press and in various Associations. I do not want to say much about that because the people of the country have already raised opposition for fresh taxes. What I find is that whenever the Government of India want to raise some taxes, they show their revenue to be much less, so that they may be justified in raising the taxes. I will give you only one illustration from this year's Budget. As the House knows, the duty on motor spirit has been raised from ten annas to twelve annas. Now, look at the figures of income? The income of last year was shown to be five crores and 19 lakhs, but the income of this year is shown to be only five crores and 75 lakhs notwithstanding the increase of 20 per cent in the petrol tax.

**The Honourable Sir Jeremy Raisman:** That figure is on the basis of the existing taxation. That figure does not take into account the Budget increases.

**Seth Haji Sir Abdoola Haroon:** Thank you very much. Then, it means that the revenue not only with regard to motor spirit but also with regard to sugar and many other things can be increased by several crores. According to my calculations, the income from motor spirits must go up to 7½ crores instead of six crores. If you look to the excise duty on motor spirit in that year, the income was 105 lakhs, whereas this time you have showed 265 lakhs income. The Government have got more revenue than they budgeted for. Therefore, this House is entitled to ask that the taxes should be reduced in some way.

Now, I come to sugar excise duty about which several Honourable Members have already complained. This is one of the industries in India which is most heavily taxed by the Government. Every year, the Government have increased the burden on this industry. Whenever the Government require money, they jump on sugar. Under the circumstances, I do not know whether I can call this a protected industry. There are many industries in India which are protected, such as iron and steel, cotton textiles; I can mention about a dozen industries which are protected in India. Yet the excise duty has always fallen heavily on sugar. There are both protected and unprotected industries in India, but the Government always strike a blow against sugar. Besides the duty



unposed upon sugar by the Government of India, the Provincial Governments also take their share of taxes from sugar. The Provincial Governments have increased the price of cane, and also the cess on the cane by about two pies, which gives the sugar factories nearly eight annas per cwt. It is for the Government of India to consider whether this industry can continue to bear this burden any longer. This policy on the part of the Government might force the sugar industrialists to abandon this industry and take to some other industry.

**An Honourable Member:** The whole capital invested in the industry will be thus lost.

**Seth Haji Sir Abdoola Haroon:** Now, Sir, a word about interest payments. I find on page 14 that Government of India are getting five crores and 24 lakhs interest from the Provincial Governments, out of which more than one crore and 20 lakhs are recovered from Sind, on account of Sukkur barrage. I want to say something about this barrage on the floor of the House.

**An Honourable Member:** What about Alla Bux Ministry?

**Seth Haji Sir Abdoola Haroon:** Alla Bux is safely seated on his saddle.

If you go into the history of Sukkur barrage, you will find that this scheme was scrutinised by the Bombay Government in 1920-21, it was confirmed by the Government of India experts in that year and then it received the sanction of the Secretary of State. At that time Sind was under the Bombay Presidency. Sind had very little voice in approving the scheme.

**An Honourable Member:** You had very much water in the Indus.

**Seth Haji Sir Abdoola Haroon:** We now have very little water and very little money.

As I was submitting, Sir, the scheme was finally sanctioned by the Secretary of State for India. That scheme was considered a commercial proposition. The framers of the scheme worked out that after spending so much capital, a lot of income would be derived by the sale of lands under the Sukkur barrage and by cultivating more lands the Government would stand to gain enormously. Unfortunately, all calculations proved wrong.

**Mr. M. S. Aney:** Even the separation of Sind was wrong.

**Seth Haji Sir Abdoola Haroon:** In this way everything went wrong. Now, I am talking from a business point of view and not from a political point of view. In spite of the fact that the whole proposition went wrong commercially, the Government of India are still charging interest from the province of Sind. I ask whether it is justifiable or advisable to take the whole interest from Sind? Should it not be that the framers of the scheme who pronounced the scheme to be a sound commercial proposition ought to be held responsible for this failure? In my opinion certainly Sind is not responsible for the failure of this scheme.

**The Honourable Sir Jeremy Raisman:** She is more sinned against than sinning.

**Seth Haji Sir Abdoola Haroon:** Take off the burden from Sind then.

**Sardar Sant Singh** (West Punjab Sikh): Apply to the Debt Conciliation Board of Chhottu Ram. Your debts will be wiped out

**Seth Haji Sir Abdoola Haroon:** Whether you ask us to go to Chhottu Ram or whether you ask us to go to the Federal Court to file an affidavit for liquidation, we are unable to pay the debt

**The Honourable Sir Jeremy Raisman:** Refuse the subvention too!

**Seth Haji Sir Abdoola Haroon:** Subvention is merely in name We are paying more than you are allowing by way of subvention

Therefore, I appeal to the Honourable the Finance Member to take note of this and go through my suggestions carefully Otherwise you may keep in your accounts as much debts as you like against Sind. The Prime Minister of Sind has said very clearly that Sind is unable to pay according to the agreement

**Mr. M. S. Aney:** Then repudiate the debts

**Seth Haji Sir Abdoola Haroon:** I think the time has come when the Government of India should look into this question and either appoint a committee or themselves go into the matter We have done our utmost, we have even enhanced the land revenue taxes but we are still unable to make both ends meet And on account of this interest of 115 lakhs every year we are unable to improve the nation-building departments in Sind I, therefore, appeal to the Government of India to look into the matter

**Mian Ghulam Kadir Muhammad Shahban** (Sind Jagirdars and Zamindars Landholders). Sir, public finance is supposed to be an abstruse subject, and, as Disraeli once said, it has made more people mad than love. Owing to war conditions this Honourable House was undoubtedly prepared to expect unpleasant surprises from the current year's budget estimates and proposals But it is no exaggeration to say that the budget, as presented by the Honourable the Finance Member, has caused more relief than anxiety The Indian taxpayer has so far been spared the burden to which the taxpayer in the belligerent and neutral countries has already been subjected The future is uncertain but so far as immediate prospects are concerned I think the Honourable the Finance Member deserves to be congratulated on the manner in which he has handled our budgetary problems during a difficult period. I think the great sense of relief which the country will feel will be at the absence of any increase in direct taxation. Whatever increase there has been in indirect taxation will be progressive in its effect and it will weigh more heavily on the upper classes of society. In so far as the enhanced tax on sugar and petrol satisfy the canons of equality of sacrifice, they need not cause much anxiety, but it is a principle of sound taxation that what the consumer pays by way of taxation should not exceed what Government receives.

It would seem that this principle both in the case of sugar and petrol will be, as it has always been, violated. The increase in the retail prices of these commodities has been greater than the amount of additional taxation. This indicates the necessity of strict price control to save consumers from being penalised by profiteering middlemen. The consumer, while it may be his duty to bear additional burdens, has at the same time a right to command protection against illegitimate taxation by the middlemen. In the matter of price control we are still backward and still half-hearted in our efforts and it is not too much to say that the willingness with which the taxpayer will bear increased burdens will depend upon the protection which he receives against rise in prices in excess of enhanced taxes. To congratulate the Honourable the Finance Member on presenting a reasonable budget and thank him for sparing this Honourable House from any unpleasant surprises is not necessarily to forego the right of constructive criticism. My greatest surprise has been not what has been done but what has not been done.

**Mr. President** (The Honourable Sir Abdur Rahim) The Honourable Member can continue after Lunch.

The Assembly then adjourned for Lunch till Half Past Two of the Clock

The Assembly re-assembled after Lunch at Half Past Two of the Clock, Mr Deputy President (Mr Akh-l Chandra Datta) in the Chair

**Mian Ghulam Kadir Muhammad Shahban:** Sir, I was saying, when the Assembly adjourned for lunch, that my greatest surprise has been not what has been done but what has not been done. I cannot believe that a very fruitful source of additional revenue has escaped the notice of the Honourable Member. I refer to the export duty on jute. In 1917-18 this duty was doubled. May I ask why it has been left untouched at the present time,—the best time for raising extra money because the demand for jute has been and continues to be particularly brisk? To the extent that the Honourable the Finance Member has taken the public into confidence in presenting his budget in all frankness, the effect has been partly weakened by raising some suspicion in the public mind that the export duty on jute has been left untouched in the interests of the foreigner but at the expense of the Indian taxpayer. In peace and in war, but particularly in war, the Finance Ministers make hay while the sun shines, by taxing exports the demand for which is inelastic. For jute, and in course of time for some other commodities, the foreign demand will be highly inelastic and I cannot resist making this obvious suggestion that advantage should be taken of these opportunities before the Indian taxpayer is further burdened.

While it is a matter of great satisfaction to note that India's financial liability in the present war is limited by an agreement recently arrived at between the Government of India and His Majesty's Government in England, the country stands in need of an assurance that it will not be subjected to the extraordinarily heavy burden to which it was subjected during the last war. It may be recalled that in 1917-18 and 1918-19 India was

[Mian Ghulam Kadir Muhammad Shahban]

made to contribute something like £140 millions by way of war contributions to His Majesty's Government. Such a contribution will be at present, as it was then, an unreasonable burden on a poor country like India.

The Honourable the Finance Member in his speech said with reference to the joint responsibility of Government with His Majesty's Government that it was stipulated that wherever circumstances should make it necessary to employ the whole or any portion of India's external defence forces, outside Indian limits in the discharge of India's joint responsibility for her external defence. India should accept some share of the cost in doing so. This stipulation is so vague as to create some doubts in one's mind as to the extent of liability to which India will ultimately be subject. It will be well to remove these doubts about our war-time obligations as early as possible. Not only that, but the country must be assured that the military expenditure during the war will be so directed as to make India more self-supporting in the matters of defence than it has been hitherto. Unfortunately, the steps taken towards the forming of an Indian Air Force, for instance, have been so half-hearted and meagre as compared with the requirements of the country. The assistance of 25 lakhs per annum for the next seven years is not sufficient for the requirements of the country and the immediate need of its development. Sir, the taxable capacity of a people depends to a considerable extent upon the spirit with which people pay taxes. This spirit can be brought in by removing the doubts which I have pointed out during the course of my remarks.

**Mr. Muhammad Azhar Ali** (Lucknow and Fyzabad Divisions. Muhammadan Rural): Sir, I would also join to give my quota of praise for the well-written and well-explained speech of the Honourable the Finance Member. We had our complaint last year about the budget that it was not so very fully explanatory, and I am glad that this is not the case this year. But I know the reason for it, and the reason is that this year's budget has been presented by an old experienced I.C.S. officer who has been in this country for very very long and I should say practically the whole of his life, and the chief reason is that the officer knows that we Indians want and are always for search after truth and we also want a full explanation and correct representation of facts. Wherever it is not, we are ready to criticise and to tell the plain truth that we do not believe the facts you have given us. This is our justification for always objecting to your importing experts from foreign countries. Sir, today I stand here to give credit to the Honourable the Finance Member for the able manner in which he has presented his Budget, because he has spent practically the whole of his life in India and he is an experienced and trained administrator.

Having said this much, Sir, I cannot shut my eyes to one or two important facts. One fact is that India is saddled with very heavy burdens by way of taxation of all possible kinds owing to war and I think that the Government have not been rightly advised yet to impose such heavy burdens on this occasion. On the one hand, the Honourable the Finance Member asks the public, through this House, that every one of us should make a sacrifice, but before he asks the people to make a sacrifice on account of the war, we have to consider how far he is justified in making that demand, for if the Honourable the Finance Member and other high officials of the Government had come forward with sacrifices, then, certainly, he would have had a strong case to put before the public.

and ask them to make a sacrifice. But what do we find? There is not a single proposal for cuts or retrenchment in any branch of the administration, and, therefore, there can be no justification for the Honourable the Finance Member to come before this House and ask the country to make a sacrifice. If the Government had set an example by making sacrifices themselves, then I am sure the public would have voluntarily come forward and followed their example and helped the Government. As my friend, Mr. Joshi, has pointed out, the Government have declared the war without the consent of this House or of this country, and, therefore, it is really very difficult to expect any voluntary offers of help from the country. Was it not possible for the Government to come before this House again for extra money at some later stage? I know the Government case is that the money is wanted more for the prosecution of the war, and but for the war the Budget would have been a surplus budget, but could not the Government, I ask, make sacrifices themselves in the first instance? Could not the Government have imposed taxes on luxuries like wines and other things? Where was the hurry to impose this additional burden now? It is not merely hurry, but I might call it a scare. The Benches on this side are depleted, and so the Government can extract from us as much as they can, because they thought this was the proper occasion for imposing additional burdens. Government could very easily have got the necessary amount from the Excess Profits Tax, and they have also got lots of money from the Railways. Therefore, where was the hurry for Government to come forward and ask the country to make further sacrifices only to get three crores? Could not the Government have waited till the war conditions made it obligatory on them to impose additional burdens on the people? Therefore, my point is, if the war had been declared with the consent of this House, there would have been some justification to raise additional money by way of additional taxation and to ask the people to make sacrifices for the successful prosecution of the war, but as things stand, I feel, Sir, there is not the least justification for imposing these heavy burdens on the poor people of this country.

Now, Sir, the two items which have been taxed are sugar and petrol. With regard to sugar, I must point out that this commodity cannot bear any further burdens. Only this morning I read in the papers that the United Provinces Government have reduced the price of sugarcane, and what will be the result? Of course, you will get the money all right, but the poor agriculturist will not get the full price for his cane. You should look at these facts squarely in the face. You want to have your pound of flesh from sugar, because there is nothing more left in it now. The case for sugar was very ably put forward this morning by my friend, Sir Abdulla Haroon and others and so I shall not say more about it.

Then, the other item which has been taxed heavily is petrol. May I remind the House that both petrol and sugar affect the masses of this country very heavily? By imposing a tax on petrol, the price of petrol will go up, with the result that bus owners will increase their fares which will adversely affect the poor people who generally travel by buses in the country parts. The Railways have increased their fares and you have compelled the bus owners and transport carriers to increase their fares by increasing the petrol tax, and who is to suffer? It is the poor travelling public, because whether they travel by rail or by road, they will have to pay heavier fares. Therefore, the result of these two items of taxation

[Mr. Muhammad Azhar Ah]

will fall only on the poorer masses. The rich man will not be affected so much as the poor man. You may say that the increase is only by one anna or by a few pies, but to the poor man even this slight increase will affect immensely. You should remember that those who travel through your kindness whether by rail or by buses are mostly half starved or naked, they have not got enough to eat nor to buy their seeds or cattle. You find that there is famine going on next door in Ajmer. These are the conditions in which India is at present, and for you to tax the masses, I submit, is not the right method for you to do so. You could very easily get your five crores from excess profits tax and the Railways.

**Mr. Deputy President** (Mr. Akhil Chandra Datta) The Honourable Member has got two minutes more.

**Mr. Muhammad Azhar Ali:** I have only one or two points more to deal with. The first is that you think that the poor people will be able to, and specially the ryot in the villages or the cultivators, will be able to bear all these burdens. I am sorry there is not sufficient time before me, otherwise, I would have shown from the speech of the Honourable Member himself where he says at the end of page 1 and the first four lines of page 2 that the high prices will benefit the poor people. It is a wrong notion that the high prices will benefit the cultivator. The cultivator is not benefited, it is the *baniya* who will be benefited. He is the one who stores all this corn, he is the one who stores all these materials, he sells them to Government and exports them outside. But the conditions now to him also are not reassuring. There are no shipping agencies to work for Indians or to take their cargoes outside. The facilities are bound to be restricted. The war is bound to restrict shipping. Moreover, you also do not give subsidies to build or construct ships. That is another difficulty. Again, when you circulate small notes or small coins, in villages and in the interior—I am not talking of the cities—these *banyas* won't accept a small note or a big note if it has got even a small hole or if it is a little dirty, and never gives silver in exchange for notes.

**Mr. Deputy President** (Mr. Akhil Chandra Datta) The Honourable Member's time is up.

**Mr. Muhammad Azhar Ali:** With these remarks, I resume my seat.

**Pandit Krishna Kant Malaviya** (Benares and Gorakhpur Divisions: Non-Muhammadan Rural) The Honourable the Finance Member began his speech by reminding us of the proverb that no man is a prophet in his own country. He thereby claimed to be one of our own countrymen and, naturally, raised hopes in my heart that his budget would be a surplus budget, that he would provide plenty for our people, that he would provide facilities for the military training of our youths, and that he would make a provision for giving a fillip to new industries in this land. He further told us that the greater part of his adult life had been spent in this country and that all his working career was spent in this country. He thus strengthened my hopes that something substantial he was going to give and that our country would become a more prosperous and happy land. But it was not to be. I listened to his speech with a fervent hope, but when he had finished I found that he became a countryman.

of ours simply for the purpose of taxation. I would like to assure him that we do not attribute unusual qualities to a new comer. Talents we have enough and to spare in our own country. As a matter of fact, we have no voice in the matter of appointments and we have no choice so far as these appointments are concerned. We prefer a new comer, not because he brings in new talents to bear upon the questions of the day here, but because we hope that he might be able to bring a fresher and broader outlook and might be able to tackle big questions here with a more liberal view. But, whether a new comer or an old sinner, our experience is that his one aim in life is to see that the administrative machinery is well oiled, that it is kept in perfect trim and is running smoothly. The interests of the country, the interests of the poor, do not worry him, for there is always the silvery voice of the policy of British domination ringing in his ears—the saying of Tennyson's brook, "Me! may come and men may go, but I go on for ever".

The Honourable the Finance Member has grown grey in the service of this country. He is linked up with the past, he is bred in traditions and has lived in old groves, and, naturally, he cannot chalk out a path of his own or run to fields and pastures new. I assure him that he has all the talents for the job that he has on hand. He need not have also forgotten that he belongs to the reputed high born service, the members of which are reputed, or at least known to be, 'Masters of all trades and Jacks of none'. An I. C. S. can be a customs officer, an I. C. S. can be a collector, an I. C. S. can be a revenue commissioner, he can be a judge, he can be a Home Member, Commerce Member, Railway Member, and even a Governor. There is only one thing that he cannot do, and that is, that he cannot adorn the Viceregal Gaddi, because his Masters stand at the gate of the Viceregal Lodge and say, "thus far and no further". I am, however, sorry that I cannot congratulate the Honourable the Finance Member on his budget. All the same, I do congratulate him on the lucidity of his speech; it was simply worded and delivered admirably well. More than this I cannot say. The whole of his budget speech and all his proposals have been conceived with one object in view, and that object is to collect as much as he can and win the war,—a war in the declaration of which we had no voice, a war for which we are not trained, a war in which we remain only helpless spectators of our own exploitation. Our markets are governed in the interests of the war, our prices are controlled in the interests of the war, our export trade is restricted in the interests of the war. On every side we feel we are hedged in in the name of winning the war.

If we had been a neutral country I am sure, simply by exporting our goods at our will we could have amassed fortunes. We could have developed our industries. We could have started new industries. We know, Sir, that England, even when this life and death struggle is going on, is keen on capturing all the markets of the world. I want to know why is it that the Indian Government have not thought it proper to see that we are also capable of capturing new markets in the world. But, as it is, every thing is controlled here, and it seems the idea is to have India as a Depot for the supply of raw produce. They say that they do not allow the prices to rise in the interests of the consumers but, really, the purpose is to keep the prices low in order that our masters may be able to export our produce to their own country at a

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[Pandit Krishna Kant Malaviya]

cheaper price. We have been assured in connection with the present Budget proposals that the additional taxation will bear least oppressively on the poor. I am sorry I cannot agree with the Finance Member. Every single proposal, barring, of course, the Excess Profits Tax, will largely entail burdens only on the poor. But the main question is—whether there is really any deficit in the Budget. As it stands, according to his own estimation there is only a deficit of 7.16 crores, and I want to know whether it was not possible for the Finance Member to find seven crores to meet an imaginary deficit in his Budget, in times of emergency.

**The Honourable Sir Jeremy Raisman:** They have found it

**Pandit Krishna Kant Malaviya:** By taxing us, not by taxing yourselves. I know why this Budget is a deficit Budget, it should have been a surplus Budget. Every single item on the income and receipt side has been under-estimated.

**The Honourable Sir Jeremy Raisman:** No, no.

**Pandit Krishna Kant Malaviya:** I challenge the Honourable Member.

**The Honourable Sir Jeremy Raisman:** I challenge you.

**Dr. P. N. Banerjee:** Time will show.

**Pandit Krishna Kant Malaviya:** I accept the challenge and I ask the Honourable Member to declare that if at the end of the year it is found that he had under-estimated the income, then he will refund the tax that he has raised and refund the money that he has collected . . . .

**Mr. M. S. Aney:** Or earmark it for industrial progress.

**Pandit Krishna Kant Malaviya:** Or earmark it, as suggested by my Honourable Leader, for the industrial development of the country. Is the Honourable Member prepared to accept this challenge? He has estimated, Sir, that out of the Excess Profits Tax he is going to collect only about three lakhs.

**AL. Honourable Member:** Three crores.

**Pandit Krishna Kant Malaviya:** I am afraid I was following his example and underestimating the yield—yes, three crores. When such a tax was levied during the last war, the Government of the day then estimated that it would amount to about eight crores, whereas it was found that the yield was eleven or twelve crores.

**The Honourable Sir Jeremy Raisman:** Nine crores.

**Pandit Krishna Kant Malaviya:** I am not far wrong, and if we could collect nine crores, then, there is no reason why we should not be getting even five crores now.



**Mr. Deputy President** (Mr. Akhil Chandra Datta). The Honourable Member has got two minutes more.

**Pandit Krishna Kant Malaviya:** Then I will leave all this high finance and plead for the petty clerks, poor chaprassis and dufftries of this place. Sir, The Honourable the Finance Member has provided for the increase in the prices of commodities by forty per cent. so far as the purchases of the Government of India are concerned. I want to know if there is any provision in the Budget for giving a dearness allowance or higher salaries to these poorly-paid peons, petty clerks, chaprassis and dufftries who serve the Government of India? How are they going to meet their expenditure when the prices of commodities are going to rise by forty per cent.? My Honourable friend has not provided for the development of our industries. He has not provided for the military training of our youths although he wants to win the war. He does not want us to win the war, he wants to win the war himself, but he wants that we should pay him for the winning of the war. England, Canada, Australia, South Africa, will manufacture aeroplanes, munitions, arms, armaments, their youths will ply machine guns and rifles, National Volunteer Corps will be raised in all these countries, we should stand aside as taxpayers only and supply the silver bullets. He proposes to do nothing even to train our youths to defend our country. And there is no provision in the Budget for an increase in the salaries of the petty clerks or those who are poor and who are in the service of the Government of India. I want to know why is it that there is no such provision in the Budget. So far as sugar is concerned, if the unanimous verdict of this House means anything or has any value in his eyes, he ought to see that the increase in sugar duty has been condemned by everybody as it will cripple the sugar industry. The Leader of the European Group, my Honourable friend, Sir Abdoolah Haroon and every Member who has spoken up till now has condemned the sugar excise duty. I hope, Sir, he will, therefore, reconsider his proposal. I hope, Sir, although it might be hoping against hope that he will withdraw his proposal so far as the increase in the sugar excise is concerned. I would go further and hope, and that is only proper, if he accepts my challenge, that he will withdraw all his taxation proposals. . . .

**Mr. Deputy President** (Mr. Akhil Chandra Datta): The Honourable Member's time is up.

**Pandit Krishna Kant Malaviya:** All right.

**Dr. R. D. Dalal** (Nominated Non-Official): Mr. Deputy President, every twelve months at this time of the year the people of India are on the tip-toe of expectation for some relief in taxation if the Budget reveals a surplus, but if the Budget reveals a deficit, they stand in dread of taxation being increased. The Budget that has been presented to the House is, in my opinion, the best that could have been presented in the present circumstances. Heavy fall in the Customs yield resulting directly from the war and war organizations have seriously upset the financial equilibrium of India. The Budget of an agricultural country like India is particularly sensitive to economic fluctuations, while the world at large, on which India depends for her export markets, is in a state of great disturbance owing

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to war conditions. In presenting his Budget the Honourable the Finance Member has shown a commendable sense of realities, and has revealed his determination to maintain the credit of India; and I would like to congratulate the Honourable the Finance Member on the very illuminating survey he has made of the financial position of the country. In view of Indian financial history, I am not at all surprised at the estimated deficit of seven crores and sixteen lakhs. Be it remembered that deficits more or less have been the characteristic of Indian finance,—not today, not yesterday, but for the last fifty years.

**An Honourable Member:** Why?

**Dr. R. D. Dalal:** The number of years in which we have had some surplus have been few, but the number of years of deficit have been many. As regards the general nature of the proposed taxation, I must acknowledge the great ability, vision and foresight with which the Honourable the Finance Member has performed this duty.

We are passing through most terrible times, and I think it is the patriotic duty of every loyal citizen to refrain from destructive criticism and to support Government in this state of trial and difficulty. This is a time when we must all make sacrifices, bear, suffer and carry the burdens. Viewed, as a whole, Sir Jeremy Raisman's first budget should make an appeal to all those who are willing to allow their judgment to be kept free from political bias. All in all, it is an achievement which reflects great credit on the Honourable the Finance Member.

Sir, I rejoice that Government have decided to go on with the decennial census operations. It is forecast that by 1941 when the next decennial census will be taken, the population of India would probably reach the figure of 400 millions. This increase in population has a very definite bearing on the economic question. If the population of India continues to grow at the present rate and if the increase in the food supply is not markedly stimulated, this rise of population on the subsistence margin must reduce the standard of living. The population problem is deserving of serious study because of the possible expansions of improved agricultural practice and the possible application of new scientific discoveries. The low standard of living and the steadily growing population constitute a very disquieting combination. So, we should adopt an agricultural policy which would enable us to aim at a very large increase in the area of land under tillage and to thus increase the foodstuffs largely.

Now, Sir, I pass to the question of military expenditure. Sir, some Honourable Members year in and year out refer to the high military expenditure, and they press for a reduction in the present strength of armed forces in India, but I submit that the scale on which the military forces in India are maintained is no greater than what is required for the defence of India and the maintenance of internal security. Let us consider the defence expenditure in India in relation to the population factor. It is a fact that before the outbreak of war, the incidence of defence expenditure in India was Rs. 1-8-0 per head, whereas in Great Britain it was Rs. 30, in the Dominions between Rs. 3-8-0 and Rs. 8, in France Rs. 29-8-0, in the United States of America Rs. 18-8-0 and in Japan Rs. 6-8-0. The

most outstanding military incident has, of course, been the war between Great Britain and France on one side and Germany on the other. Honourable Members will admit the cardinal importance of making the Indian Army as fit for its task as the application of the latest results, whether of military invention or of experience in the field, renders possible. The military expenditure is not higher than the cardinal necessities demand. The army must be equipped in the manner best adapted to secure the defence of the country. For this purpose the army must be efficient as a whole, and not efficient alone but as highly efficient as it is possible to make it. It must possess the latest armaments. It must be adequately officered: its superior officers must be scientifically trained. Above all, the maximum available force must be capable of being directed to the vulnerable point at the moment of danger. Generous measure of help has been extended to India by His Majesty's Government in England by the acceptance of the conclusions of Lord Chatfield's Committee, and the country, as a whole, has gratefully welcomed this gift of 45 crores—33 crores as a free gift and about 12 crores advanced free of interest for a period of five years. His Majesty's Government have thus borne a part of the military expenditure of this country. This decision of His Majesty's Government on the report of Lord Chatfield's Committee has resulted in substantial sums being made available to bring India's defence forces up to modern standards; and the necessity of laying heavy additional burdens on the Indian tax-payer has thus been avoided. In this connection, I would point out that the Government of India are protecting the Frontier not only for British India but also for the Indian Princes and Chiefs. So, it would not, in my opinion, be inopportune if the Indian States are asked to bear a part of the military expenditure in India—as also a part of the loss on strategic railways in India.

Handsome savings will accrue from the absence of the Indian troops in France. The entire expenses of the Indian troops in France, while they are out of India, from embarkation to return will be borne by His Majesty's Government in England. Now that the war has broken out, Honourable Members must have been convinced that the military expenditure in India has not been a waste. The army is required to make India safe; and in the event of an invasion, say, by Russia, the theorists, who denounce any attempt to make Indian Army more efficient that costs money, would be the first to run round and to take shelter under the armaments whose expansion they had resisted. If the military protection of India against the perils by which she may be menaced requires that this or that expenditure should be incurred, the Government of India should not flinch from undertaking it, inasmuch as it will be to save 400 millions of people from the perils of disorder, anarchy and chaos that might ensue, were the British arms in India, on or beyond the frontiers of India, at any time to experience a serious disaster. Let not anyone carry away the idea that because India has been able to spare a part of her army for service in France, Egypt, Singapore and elsewhere, the army in India can be permanently reduced by that amount. Let no one be taken in by this sort of argument. There can be no more complete or foolish illusion. May I be allowed to illustrate what I mean. Because a man lends for a night the watch dog that guards his house to a neighbour who is being attacked by robbers, does it, therefore, follow that his own house will be able to get on in future without protection? Sir, I

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must confess that there is always some risk in denuding India of any considerable portion of her army, but it has been done in the interests of the Empire, with whose stability India's own is intimately bound up; and if India has been helpful to the Empire without detriment to the true interests of this country, I earnestly hope that Honourable Members will be willing to endorse and even to share the responsibility of the Government of India. I am confident that the part played by India in the Imperial system and the services rendered in this time of trouble will not be forgotten by the British Nation, and that when the occasion arises, India will reap her reward in reciprocal generosity, goodwill and help.

**Maulvi Abdur Rasheed Chaudhury** (Assam· Muhammadan): Mr Deputy President, the more I read this budget the more I come to the conclusion that it is not only an unusual budget but also an unnatural budget. I will explain later on why it is an unnatural budget. Let me first of all explain why I call it an unusual budget. I call it unusual, because this budget has little interest in so far as improvement of this country is concerned. In presenting the budget the Honourable the Finance Member touches on important internal matters as well as the external relations of the country. The Honourable the Finance Member has given the explanation why he did not tell us much about external relations. It was on account of war. He remained satisfied with that. We do not grudge about that. So far as the internal administration of the country is concerned, the country expected to hear many things.

**The Honourable Sir Jeremy Raisman:** I spoke for over one and half hours.

**Maulvi Abdur Rasheed Chaudhury:** The Honourable the Finance Member no doubt took 1½ hours, but he talked of things in which we are not interested. What do we find in this House? We find half the House lying vacant for more than two Sessions. What is the reason? The Honourable the Finance Member did not tell us why that deadlock has been going on?

**The Honourable Sir Jeremy Raisman:** Will you tell us now?

**Maulvi Abdur Rasheed Chaudhury:** The Congress Members absented themselves from the House as a protest against taking away the Indian Army beyond the borders of India without consulting this House. From the Government side, we have not heard any explanation. From this side, we find that the Congress Members have been asking the British Government to declare their war aims and peace aims so far as India was concerned. The Government are keeping silent. I say, on the authority of the Premier of England and other high officials, that Britain has gone to this war to uphold the principle of independence for smaller and weaker nations. It is, therefore, quite natural for India to ask the British Government what their peace aims are so far as India is concerned. The Government are not speaking anything about that. It is only natural that this question should agitate the minds of people in this country.

There are other things like the Hindu-Muslim differences. The Government owed a duty to this country to see that this deadlock comes to an end. We all expected that the Honourable the Finance Member will give some indication as to how this deadlock can be ended. But we were surprised to find that although he spoke for over 1½ hours he did not touch on this subject.

Then, there is the other question which is worrying the Muslims of this country and that is the question of Waziristan. Warlike operations are still going on in that country for years and crores have been spent on these operations. But peace is not in sight even now. The aim of the Government seems to be to incorporate that country in British India and occupy the same. We all thought that Government would follow some set principles in their war operations. As I have said just now, the European war is said to be waged for securing the independence of smaller and weaker nations. Applying that principle, why should the Government wage a war against the Waziristan? Is it to trample their independence under foot? Simply because the Government want to occupy the borderland of India, they are crushing the tribes and want them to bring under subjection. These tribes do not want British wealth, they do not want British bayonets, they do not want British civilisation, they do not want to come under British influence, they do not want British culture such as women and wealth and wine. They only want to be free in their own country. But the Government are not allowing even that also. The country expected the Finance Member to say something about this subject in his speech. These are some of the interesting points on which no information is forthcoming. The whole thing has been utter disappointment.

Now, I come to the budget. What do we find? A most daring innovation, in which the country is most vitally interested, has been made behind our back. This House has not been consulted, the provinces were not consulted in this matter. A few years ago, the Government brought Otto Niemeyer to this country for formulating the principles governing expenditure so far as the provinces were concerned. Now, Sir, this renowned gentleman formulated the principles regarding the distribution of some items of central money between the centre and the provinces. According to this, a surplus of railway income and a good portion of income-tax was to go to the provinces. This year, according to the principles formulated by Otto Niemeyer, the provinces would have got something like 12 crores. But, Sir, the Centre is not going to tolerate so much money going to the provinces. All of a sudden without asking the provinces, without bringing forward any proposal before this Assembly for its approval, the Government made some changes under some 'Order-in-Council'. The result is that in place of the huge amount which the provinces should get under the formula of Otto Niemeyer, they have to be satisfied with just two crores 97 lakhs. This is the very unkindest cut so far as the provinces are concerned. The provinces entertained very high hopes that with the prosperity of railway budget and with increased earnings under income-tax, they will get their full share and that they will be able to supplement their income for nation-building departments. But all this has gone under. All of a sudden the Government of India without consulting any one changed the whole thing and said, "you will get this much and no more".

[Maulvi Abdur Rasheed Chaudhury.]

The next important change made behind our backs is what is called the Chatfield arrangement. Last year when we were discussing the Chatfield Report in this House we were under the impression that the British Government were making a free gift of 45 crores to India for the improvement and mechanisation of the Indian Army. We, however, soon learnt that it was not a free gift but a conditional one and India must share the cost of her external defence with Britain. What is this external defence? If there is any attack from the North or South of India we can say it is a question of India's defence. But we find that when war is going on in Poland and Finland, India has still got to bear a cost of her external defence. So, wherever there is war in which Britain is engaged, India will have her external defence there,—whether it is Venezuela or Alaska or anywhere else. And the question whether this external defence is India's duty or of anybody else is to be decided not by India but by Whitehall.

**Mr. Deputy President** (Mr. Akhil Chandra Datta) The Honourable Member has got two minutes more

**Maulvi Abdur Rasheed Chaudhury:** Coming to the taxation proposals, the Finance Member has selected sugar and petrol. The principle seems to be that once you show signs of lumping you must be made lame. Sugar has already been lumping on account of high taxes on it and even the Finance Member admitted in his speech that last year there was less production of sugar than in previous years and a portion had to be imported from abroad. In spite of that he is going to burden the industry with 50 per cent. new taxation this year. That shows that he has no solicitude for the sugar industry. It is wrong to tax sugar because that industry is already showing signs of weakness and the result of this heavy burden will be that in future you will get nothing further from this source. I also do not know what actuated the Honourable Member to increase the petrol duty by two annas. From ten annas it has been raised to twelve annas, which means an increase of 20 per cent.

**Mr. Deputy President** (Mr. Akhil Chandra Datta) The Honourable Member's time is up.

**Mr. Muhammad Nauman** (Patna and Chota Nagpur *cum* Orissa: Muhammadan) Sir, it is always difficult to agree to any proposal of taxation but for Government to be able to function, funds have to be provided and taxes have to be collected. I am glad that the deficit here has not been very big although there were speculations that on account of the increase in defence expenditure the deficit might have been larger. As a matter of fact there is no deficit except 8 crores and 29 lakhs due to defence; and in the emergency conditions in which we are living it is nothing unexpected. I think we are far better placed than other countries like Germany, France or England, where even rations like meat and butter have been fixed. I do not want to enter into the merits of this war at all because that question does not concern us, but indirectly it has something to do with Indian defence. I think the addition of 8 crores and 29 lakhs more to the usual military expenses may prove too small a sum for the

defence of India and we may require more before we are fully secure. Some Honourable Members said that we are not willing partners in this war. That question is immaterial for the purpose of our defence because when other people invade India they will not ask our consent and take our views into consideration or give sufficient time for preparation.

With regard to the budget I feel that the proposed burdens on sugar and petrol are heavy but there is no use opposing them unless I can have strength to oppose and unless I make some alternative suggestions. It is easy to criticise but you feel the burden when it falls on your own head, to prepare the Budget. It was not long ago that some of the provincial Premiers and Finance Members were Members of this House or some other legislatures and they always vehemently criticised the proposals of budget, but in their own official positions they produced much worse budgets and brought in "employment tax" and "agricultural tax" and "Petrol tax" and so on. Even in the House in 1936 the proposal to allocate one crore of rupees to the rural uplift was opposed by a section of this House, the Congress Group. We cannot oppose everywhere, but we must do it where opposition is due. I have said that the popular view is that sugar and petrol have not enough capacity to bear the burden and an alternative should have been found out and I hope the Finance Member will explain why he chose these two unfortunate commodities for taxation. My own suggestion is and the same was pointed out by Pandit Malaviya, that the higher classes of officers should have made some sacrifice by way of salary cuts and some money should have been found in that way.

It is popularly believed that the yield from the Excess Profits Tax has been estimated at a very low figure. Rumour has it that it should yield about nine to ten crores as it did in 1914. Circumstances now are more favourable than in 1914. The year for comparison then was 1919 which was a boom year, when people had made large profits out of the war, but now the comparable years are three, i.e., 1938, 1937 and 1936, two of which are depression years and one a year of silver lining, certainly not a boom year in any case. Our idea is that the profit tax will bring about nine crores and even if it is seven crores, the budget could be balanced easily. I heard that one firm alone—the Tatas—might pay about 1½ crores—I have nothing to do with it directly, but this is the rumour as their excess profit is over three crores. I feel, therefore, that there should have been a reasonable scrutiny of other circumstances and of other commodities before sugar and petrol were chosen to be the victims. I might perhaps be courting unpopularity by suggesting an excise duty on cotton goods in this country and also cement. There has been practically no competition and there has been a sympathetic rise in the price of cotton and cement. The consumer has to pay in any case; and we have to see whether things of convenience are to be taxed first or things of primary necessity. Sugar is certainly one of primary necessity whereas cloth is of the nature of conventional necessity as compared with sugar. Petrol, of course, does not touch the poor man; directly perhaps, as Mr. Azhar Ali said, it might touch the poor man in this way that lorries will become more expensive; and perhaps this has been done to support the action of Sir Andrew Clow in raising freights by 12½ per cent. and fares of passengers by 6½ per cent. as petrol would not allow lorries a cheaper competition. This might have compelled the Finance Member

[Mr. Muhammad Nauman.]

to choose petrol as his victim; but petrol has already been taxed higher than it has been taxed in any country—at least that is my impression. But I think they could have got this amount of, say, about one crore by increasing by 25 per cent. the tax on foreign liquor and tobacco. Those are absolutely luxury commodities and cannot be classed even under conventional necessities . . . .

**The Honourable Sir Jeremy Raisman:** Provided it goes on being consumed at the same rate!

**Mr. Muhammad Nauman:** If war conditions continue, prosperity will continue and people will take to luxury and they will require more smokes and more drinks. I say this alternative should have been considered before sugar and petrol were touched. It is certainly a burden on the poor to tax sugar, which comes next to salt.

**An Honourable Member:** No.

**Mr. Muhammad Nauman:** Perhaps in your speech you might tell us what led to these two articles being taxed further.

As regards expenditure, I would only say that I agree with the Leader of the European Group 'that there should be a committee of this House to examine and scrutinise and advise on the question of accounts', and specially on defence matters. If you want to spend Indian money naturally, you ought to take this House, that is, the people's representatives into your confidence. If you want to say 'I am going to defend your house' you must make them believe that you are defending their house and get their sanction for expending their money. We also feel that more elaborate arrangements should be made and our people should be trained for defence on a larger scale.

**Mr. Deputy President (Mr. Akhil Chandra Datta):** The Honourable Member has two minutes more.

**Mr. Muhammad Nauman:** We should also be taken more into the confidence of Government which claim to safeguard us and we should have a voice in these matters also. You must, therefore, take representatives of the people in this House into confidence as advisers or members of any committee which may be appointed. I hope the Government will consider the point. As regards other points, I have neither the time nor the materials required to produce a parallel budget or an alternative budget; and unless I am in a position to do that it does not look very nice to go on criticising all the proposals made. With these few remarks I resume my seat.

**Sardar Sant Singh:** Sir, this is a year of a succession of Finance Bills in one form or the other. When the Session started the Honourable the Finance Member started with his Excess Profits Tax Bill. Later on, came the budget in a different form, in shape of the Railway Budget. There, fares and freights were raised and the poor man was asked to pay more. Thirdly, we have here this general budget in which we are asked



to pay much more than we have paid during the last several years together. At this stage I would like to remind the Honourable the Finance Member that before he laid his hand upon fresh taxation he should have given us—and I think the country expects always, which we find very rarely in the budget speeches—what is the taxable capacity of the people to pay, whether it has increased during the past years or whether that capacity has gone down. We have never been given from those Benches what the per capita income of Indians is and whether it has been deteriorating or whether it has been increasing every year. We know only this much, that during the last ten years the reserve of India which was in the shape of gold, and which is the real reserve of a country, has left the shores of this country to the extent of 300 crores. When the question was raised in regard to putting on an embargo upon the export of gold, we were told that it was the reserve of the country and the reserve was to be drawn upon in such lean times. I am sure Honourable Members of this House will remember that such gold was characterised as 'distress gold'. Now, all that gold has gone out. Is it not fair and just to the country itself that that gold should be allowed to come back in order to complete the exhausted reserve before imposing fresh taxation? Sir, we have had lean years for a long time. The people have been impoverished to a very great extent by the continuous succession of depression in India. In equity and fairness, I think it was expected that the country would be allowed to make up for its old losses when the balance of trade was in favour of India before the profits were taxed again. The scare of profiteering is certainly such that it will frighten many people. But the question is, what is the production of wealth in this country? Why is the country not allowed to get rich enough before it is again burdened and impoverished by fresh taxation.

Then, the second point which I wish to deal with in this connection is this. Since the Excess Profits Bill has been introduced, there has been a sort of panic in all the mercantile communities. The agriculturists were about to gain by the rise in prices of their agricultural products. The prices would have risen if they had been allowed to remain at the level to which they rose during the last two months till the new crop had come in and till the agriculturists had sold those crops and gained thereby. But before the new crops came in, the Excess Profits Bill created such a panic in the country that the prices at once dropped. So far as wheat is concerned, the price dropped by 12 annas per maund. The harvest was about to come in, but just before that, the prices were depressed by the introduction of this legislation. I will say more about it when that measure comes before the House for discussion. At present I only want to draw the attention of the Government of India to the fact that the agriculturists do expect and rightly expect and they are justified in expecting that the prices of agricultural commodities shall be allowed to rise to such levels that there may be some margin of profit left to the agriculturist after paying the Government dues and demands. Sir, in the Punjab I can safely say that there was absolutely no margin left to the agriculturists during the last ten years since 1931, and it was just the time when the agriculturist would have come into his own if the prices had been allowed to rise to double the price they had been getting during the last ten years.

Then, Sir, the next point I want to deal with is the question of defence. That is a subject which swallows up a large portion of the revenues of this country. In this connection may I ask by what canons of morality is it

[Sardar Sant Singh.]

just and fair to ask us to vote,—in fact most of the items are non-voted,—to the extent of nine crores more this year when we are furnished with a 6 pages book on the defence estimates? Now, here is the book. In previous years the defence volume extended to something like 200 or 250 pages. I know the war is on, an economy is being practised in printing. That is the only reason I can assign for this small paged book, or the other reason would be that the House cannot be taken into confidence on account of the existence of the war. There may be something in that argument, and I quite appreciate it.

**The Honourable Sir Jeremy Raisman:** The main reason was given in my Budget speech. None of those mentioned by the Honourable Member are the reasons.

**Sardar Sant Singh:** The main reason is given in the Budget speech, but that does not satisfy us. We are to bear this burden, we are to go to the country and tell the people what justification there is for the additional nine crores to be raised from the people on the defence head. Sir, if the position of Members of Parliament in England is compared with that of Members of this House, one will find that there is no comparison. Members of Parliament are given an insight into the working of their Government, they are associated with the Executive Government in many ways, in committees and in various other matters.

**An Honourable Member:** In secret sessions.

**Sardar Sant Singh:** Yes, even in secret sessions. The Members of Parliament are taken into confidence, but what is the position here? There is no enlightenment, no light is thrown on any matter connected with the war, we are always kept in the dark. Under these circumstances we cannot be expected to go to our constituencies and tell them that the money which is collected from them by way of taxes is being appropriated to a good cause or it is being spent with our knowledge, after taking us into confidence.

Now, Sir, I want to make a suggestion, and that I made at the beginning of the war. It is this, that a Consultative Committee should be appointed, and it should be associated with the Defence Department, so that some Members of this House may be taken into confidence and they may know how the money is being spent so far as the defence is concerned. I cannot understand why this demand was refused by Government. When you ask us for more money, we naturally ask you for more information, and unless you furnish us with that information, we will not be justified in giving you our willing support to spend such large amounts.

Then the other point I want to advert to is the breach of the convention of consulting Leaders of the Parties before sending Indian troops beyond the borders of India. No doubt a consultation was held in one or two instances previously, but when armies were sent abroad in large numbers, I don't think there was any consultation held even with the Leaders of Parties. May I just remind the Honourable the Finance Member, assuming that he can put pressure on the Defence Department, to tell them that it is very hard to get the money out of the House at the willing vote of the House if even the small convention which was established after so much struggle is not respected.

The third point is the question of the normal expenses of India's 4 p.m. defence. It is claimed that the troops that have been sent abroad to the countries which are on the borders of India—that is a normal expenditure for the defence of India. So far as military strategy is concerned, it may be true or it may not be quite accurate, I have nothing to say on that. But may I ask if it is not a grievance, a real grievance that the Chatfield Committee's report was not published and this House was not taken into confidence about the recommendations of that Committee? Gossip says that according to that report the British Empire was divided into four zones, one up to Gibraltar, second up to Suez, third up to Aden and the fourth up to Singapore. It is for you to correct me if I am wrong, because, after all, my information is not authoritative.

**Mr. Deputy President** (Mr. Akhil Chandra Datta) The Honourable Member has two minutes more

**Sardar Sant Singh:** The burden of this was entirely laid upon the British Exchequer. If it is an imperial proposition I fail to see how it is that India has to pay for the troops that have gone overseas. In this connection I want to draw attention to the discriminatory treatment that is being meted out to the Indian troops and to the Indian officers who have been sent out. While the British officers are paid overseas allowance, I understand that the troops that have been sent to Singapore, Hongkong and other places—their officers are offered a sea allowance of six annas a day. This is a ridiculously low sum. Either do not pay it, or pay at the ordinary scale which is being enjoyed by the British officers. The next point I want to bring to the notice of the House is the working of the Defence of India Act. Assurance after assurance was given to us that the Defence of India Act would be worked only for the purpose of successful prosecution of the war. But when I wanted information as to how it was being worked information was withheld, or no information was given to me, rather the shelter was taken behind the plea that it was not the duty of the Central Government. But I understand in answer to a question put in the Parliament it was given out that the Central Government was responsible for the working of the Defence of India Act.

**Mr. Deputy President** (Mr. Akhil Chandra Datta). The Honourable Member's time is up

**Sardar Sant Singh:** I request for only one minute. In that connection I wish to say that the withholding of this information makes us more suspicious. I ask the Government of India not to take shelter behind the technicalities of law, but to keep this House informed if they really want the help and care for the moral support of this House in this war.

**The Honourable Sir Jeremy Raisman:** I cannot pretend to be other than gratified at the reception which my first budget has had not only in this House but in the country, and I trust that I shall not be accused of complacency if I say that it is not merely the commendatory remarks which have been made in this House but it is the criticisms which reinforce me in the feeling that there is nothing very seriously wrong with the proposals which I put before the House in my budget speech. I will, however, Sir, endeavour to deal with the criticisms which have been made.

[Sir Jeremy Raisman.]

First of all, I shall deal with the old, old argument that in the circumstances of the time a deficit in the revenue or a gap between revenue and expenditure should be met, not by raising additional taxation, but by borrowing; in other words, it should not be met at all, for we must not delude ourselves with words. If we spend more than our income and borrow money, we promise to pay it another day; we do not solve the problem. Now, it has been said, why should India alone of all belligerent countries aspire to such heights of financial purism, and why should India alone pay every anna of its way in such abnormal times? The answer is quite simple. The answer is that at the present moment and in the present circumstances India is able to pay her way. The only justification which has ever convinced me, the only justification for putting the cost of war or war operations on to a succeeding generation is that it is quite impossible to meet that cost at the time. At the stage which India has reached and on the scale in which she has been involved in war expenditure I say that, having regard to the economic condition of the country, it would be the plain duty of anybody in my position to meet that expenditure from current revenue. If he were not to do so in the present circumstances of the country, then I cannot imagine for what more favourable day he is waiting or on what shoulders he proposes to lay the burden which he puts off today. I do not say that that will always be so. Obviously, it is possible that military expenditure might reach a figure which was beyond the taxable capacity of this country to meet. I hope that that will not happen, but I have had to allude to possibilities of that kind in my budget speech, because the budget is based not on an attempt to forecast the military developments of the next twelve months, but on actual commitments in respect of defence which we have already undertaken. Sir, that brings me to the second point which is prominent in the criticisms of the budget, namely, that the revenue has been grossly underestimated.

[At this stage, Mr. President (The Honourable Sir Abdur Rahim) resumed the Chair.]

Several Honourable Members have lightly thrown out challenges at me, they have been prepared to wager that my estimates in customs or excise, and particularly in regard to Excess Profits Tax are very much on the low side. I should like to ask them to give me an undertaking. Will they assure me that the expenditure on India's defence for which we shall become liable in the course of the next twelve months will not exceed the figure which I have had to take for the purposes of the budget?

**Mr. M. S. Aney:** The cat is out of the bag, in that case.

**The Honourable Sir Jeremy Raisman:** The cat was out of the bag in my Budget speech. I pointed out in my Budget speech that the uncertainties which faced us in the course of the coming year were such that it was impossible and exceedingly unsafe to take a more optimistic view than I had done of our revenues. I am not talking at this moment of the Excess Profits Tax; I shall come to that in a moment. I am dealing with the estimates of the customs and excise: and if it is letting the cat out of the bag to say that, in framing those estimates, I had to have regard to the possible contingencies of the coming year, then the cat was well out of the

bag on the evening of February the 29th. I think, Sir, I must quote my own words in order to clear that point:

"For the moment, we face a situation in which the probabilities are heavily weighted on the side of additional expenditure on the defence of India whilst at the same time many sinister contingencies also threaten our revenues. It has no doubt been possible at this particular juncture of time to base a fairly encouraging view on our actual recent experience, but the plain fact which we have to recognise is that all changes in our position are more likely to be for the worse than for the better."

That, Sir, is my answer to the charge of under-estimation of revenue. The estimation of revenue is always in a sense a gamble. You have a bracket, so to speak. You may do as well as A, you may do as badly as B, but the gap between A and B may be a very wide one and you have to go somewhere in the middle of that bracket so as to minimise the possible error, and that, Sir, is what I have attempted to do. What I did emphasize and what I must repeat now is that the uncertainties of the present time are so great that the gap, that the possibilities of error were particularly large, and, therefore, I was bound to take a view which took into account those possibilities.

Now, Sir, I do not wish to anticipate what I shall have to say when we come to discuss the Excess Profits Tax Bill, but since the charge of under-estimation is being so freely bandied about, I must draw attention to two or three important facts which bear on the forecast of the yield of a tax of that kind. In the first place, it must be remembered that the trading periods that will come under assessment in the course of the next year, will not normally be completed years but will be broken periods. We do not expect to assess, in the course of the coming year, more than fragments of a year. In the second place, the procedure and machinery which it will be necessary to set up for the collection of that tax is such, and the periods of time which must be given at each stage will be found to be such, that many of the assessments which are taken up in the course of the year will not be capable of completion before the end of the Budget year. In the third place, I would point out that I took the estimate of three crores as the net additional revenue after allowing for the effect of income-tax and super-tax. Now, so far as we can judge, that effect would be of the order of one crore. Therefore, in order to realize a net three crores, the gross assessment of Excess Profits Tax would be of the order of four crores. In other words, the total excess profits which should be brought under assessment in order to yield a net additional three crores are eight crores of rupees. Now, when it is realized that we shall probably only be dealing with fragments of a year, then I claim, with confidence, that the estimate of a net additional three crores of rupees, to be collected in the course of the year 1940-41, is by no means an under-estimate.

**Mr. M. S. Aney:** May I just put one question? What will be the likely additional cost of collection?

**The Honourable Sir Jeremy Raisman:** I regret I cannot answer that question without preparation because I have not yet been able to deal in any detail with the machinery that will be required. It may be said—if three crores was only, so to speak, a fragmentary estimate, why did I not put before the House the normal yield of one full year, as is usually done when new taxes are introduced? The answer is that the estimation of the yield of this tax was a matter of great uncertainty and that I thought it

[Sir Jeremy Raisman.]

best to confine myself for the time being to the smaller problem. If I were to multiply that forecast by a figure to give the yield in a full year, I should also be multiplying the margin of error, and I thought that before I next come to present a forecast of the yield of that tax, I should have a great deal more information on which to base our estimate. I should have a finally enacted measure, I should have a certain amount of experience of its working, and I should have been able to watch the progress of collections during the year 1940-41.

I pass, Sir, to another point, a point of criticism which has figured both in the speeches in this House and in the comments made in the Press, and that is the amendment of the Niemeyer Order in Council. It has been repeated in certain quarters that this was a most extraordinary and unwarranted step and that it was in a manner a cheating of the Provinces of their legitimate expectations. Now, Sir, I should like to take the House back for a moment to the general frame-work of the constitution in this respect. Under the Government of India Act and the Order-in-Council it is provided that in a period which shall not be less than ten years the Centre shall devolve to the Provinces one-half of the divisible income-tax, or rather that one-half of the income-tax shall be provincial revenue, but that the Centre shall retain the whole or part of the provincial share for a period which cannot be less than ten years. Now that ten years is again broken into two periods of five years. In respect of the second five years, the Act provides for a gradual diminution of the amount retained by the Centre until the Provinces are receiving their full 50 per cent of the income-tax. That is a fairly straightforward proposition. There are only two features to which I should like to draw attention. One is that the Act provides that by an amendment of the Order-in-Council can the period be shortened, i.e., neither the first five nor the second five years. In other words, the Constitution gave a full ten years to the Centre to adjust itself to this devolution of revenue. The second point is that it is provided in the Act that if an emergency should arise during the period of the second quinquennium, then the Governor General in his discretion had power to arrest for a year the further devolution of the income-tax. In other words, the second quinquennium could be extended to a longer period in case of emergency. These provisions of the Act reveal a very natural anxiety on the part of the framers of the Constitution to safeguard the financial stability of the Centre whilst it was executing this very important devolution of revenue, for it must be remembered that the amounts concerned to be at stake were of the order of eight or nine per cent. of the total revenues of the Centre.

I now come to the first quinquennium, the first five years of the period of ten years. In regard to that, what the Act provided was that the Centre would retain of the provincial share such sum as may be prescribed. That is all. In other words, the Centre could retain the whole if so prescribed or it could retain a prescribed part. When Sir Otto Niemeyer came out to make his inquiry, one of his most important functions was to recommend what should be the sum prescribed for retention by the Centre in the first period. Now, he proceeded on the basis that in accordance with the spirit of the Constitution it was necessary to see that the financial stability of the Centre was maintained during this adjustment and he came to the conclusion that in the first five years, the Centre should only be asked to give up such portion as it could afford to give up without damage to its existing position. Now, he looked at the financial situation as it then existed and he observed that the most striking feature was that whereas the

Railways had some years before made regular contributions to general revenues, they had not done so for a number of years. He saw no immediate prospect of railways resuming those contributions but he naturally thought that if the Railways could resume part of the contributions which they used to make, then, if the circumstances of the Centre remained otherwise unchanged, they would obviously to that extent be better off. He took the probable yield of the divisible income-tax in a period of reasonable prosperity to be something approaching to 13 crores and he, in effect, devised a formula which said: When the Railways make a contribution, you should spare that for the provinces, so that you can retain 13 crores of income-tax plus whatever railway contribution is necessary to bring the income-tax up to 13 crores when it falls short of that figure. Now, Sir, the circumstances have changed completely and I claim that they have changed in a manner which Sir Otto Niemeyer could not be expected to have foreseen or rather, if he foresaw them, he naturally assumed that in a contingency such as war, we would deal with the circumstances as they arose and would not necessarily adhere to a formula such as he had put forward. For, remember this formula was merely one to regulate the distribution of income-tax in the first five years whilst fitting into a framework of devolution over a period of ten years or more.

Now, what happened when the war broke out? Apart from serious threat of deterioration in our customs revenues and very important increase in our defence expenditure, the earnings of Railways began to move up sharply, and owing to the economic prosperity, which many Members have denied but which, nevertheless, will be reflected in increased collections of income-tax, the prospective yield of income-tax began to move up. We were faced with a situation in which it was by no means impossible that on the Niemeyer formula one-half of the total divisible income-tax would fall to be distributed to the provinces from the third or fourth year of the ten year period and that the whole scheme which the framers of the Constitution had drawn up in order to enable the Centre to adjust itself to the devolution of income-tax was to be swept away in the course of a few months. I claim, Sir, that that is a situation which, on any reasonable view, was bound to be corrected and, moreover, I claim that the manner in which it has been corrected is one which has done no injustice whatever to the provinces and that, on the contrary, they will still be in a position of having benefited by the change which has taken place. I do not mean that they will receive the amounts which they would have received by a blind application of the Niemeyer formula. That, I have attempted to show, was unreasonable and impossible. But if you take the period involved, namely, not less than ten years, and if you reckon that within the period of ten years the provinces were to work up to a total of  $6\frac{1}{2}$  or 7 crores, and if you bear in mind that they started with a distribution of about a crore and a third (and that, too, a fortunate development which had not been expected), if you imagine that they ought to progress more or less steadily from that beginning to a final distribution of  $6\frac{1}{2}$  or 7 crores, then you will see that since in the present year they are to receive something of the order of 240 lakhs and in the next year, which is only the fourth of the 10 years, they are to receive payments of the order of 300 lakhs, they are being guaranteed a steady and very satisfactory progression towards the end which the Constitution had in view, namely, that by the termination of a period of ten years and not less, they should be in possession of one-half of the divisible income-tax.

[Sir Jeremy Raisman.]

The next point which I have to deal with is the question of control of expenditure which was mentioned in several quarters of the House. The suggestions made on this subject were not very precise and I cannot say that I have received a very definite impression of what is desired. I pointed out the other day, in answer to questions, that there were obviously serious limitations on the extent to which any committee, whether a committee of businessmen or a committee of this House could be associated with the day to day control of emergency expenditure. I may say that that is a problem which has caused me a good deal of anxiety, that I have had to call more and more on the resources of personnel at my disposal and that I have constantly had to see where experienced officers should be placed in various new branches of spending departments in order that they might effectively control the volume of spending, without dangerously holding up the activities of executive departments. Obviously if this is a matter which is extremely difficult to arrange even on the level of administration and of executive machinery, I say it is a matter which would be extremely difficult for any non-official element to participate in. But I understand the feeling that this House has that in recent years it got out of touch with Government expenditure and that it has not for sometime enjoyed even those facilities which it enjoyed in the past. I am, therefore, prepared to renew the offer which was made by my predecessor. I am prepared either to move for the election of a Standing Finance Committee or, if the House should prefer that course, take steps for the establishment of an Estimates Committee of this House.

**Dr. Sir Ziauddin Ahmad:** The first one would be better.

**Mr. Muhammad Nauman:** Do you propose to have both or only one?

**The Honourable Sir Jeremy Raisman:** I was prepared to accept either of these and I do not think that there is room, particularly at the present time, for both. After all officers of the Government have to appear before these committees and a good deal of time is taken up in preparing materials and I think that if the House is associated with the expenditure of Government in either of these ways, it should be adequate.

**Mr. M. S. Aney:** The old committee will be better.

**The Honourable Sir Jeremy Raisman:** I shall endeavour in the course of the next week or two to ascertain what are the desires of Parties on this subject.

In conclusion, I would again ask the House to realise that a budget framed on this occasion cannot possibly pretend to take into account what contingencies may arise in the course of the next twelve or thirteen months and I would impress upon the House the importance of viewing the budget in the background which I carefully placed before them at the end of my budget speech.

**Mr. President** (The Honourable Sir Abdur Rahim): Before adjourning the Assembly, the Chair would remind Honourable Members that voting on Demands for Grants commences on Friday, the 8th March.



In view of the previous practice, the Chair would ask the Leaders of Parties and of various Groups to come to the necessary arrangements about discussion of cut motions.

**Dr. Sir Ziauddin Ahmad:** We have already come to an arrangement and intimated the same to the Assembly Office.

**Mr. President** (The Honourable Sir Abdur Rahim): The House will now adjourn.

The Assembly then adjourned till Eleven of the Clock on Wednesday, the 6th March, 1940.

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